



*The State of
Individual Philanthropy
in Pakistan
2016*

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Pakistan Centre for
Philanthropy

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Individual Philanthropy
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The Pakistan Centre for Philanthropy takes pride in presenting
the study on **the State of Individual Philanthropy in Pakistan.**

Preface

The Pakistan Centre for Philanthropy takes pride in presenting the study on the State of Individual Philanthropy in Pakistan which brings to light not only the volume of individual giving in different forms but also the patterns and motivations of household giving behaviour across four provinces. The study is a pioneer comprehensive exposition of trends of individual giving and its channelization to individuals to meet their immediate needs or to organizations of religious nature to improve the social welfare functions. The Centre's intellectual contribution to the subject derives from the seminal study on Indigenous philanthropy conducted in 1998 by the Aga Khan Development Network (AKDN) and PCP's subsequent research on Corporate Philanthropy in Pakistan. PCP envisions this research playing a vital role in raising awareness about the magnitude and different modes of giving as a potential means to supplement government resources towards social development.

The process of exploration of the topic has been long and challenging but also rewarding and timely in terms of providing updated information on individual philanthropy in Pakistan as a valuable resource for harvesting greater social impact. Philanthropy in recent decades has emerged as an important component of the Sustainable Development Goals (SDGs) agenda that requires nurturing and enhancing of social institutions—such as indigenous philanthropy—to encourage self-reliance and build partnerships between the government, civil society

organizations and business sectors to promote its effectiveness where needed.

The turnover of philanthropy is not just about its volume of donations in millions; more importantly, it expresses the individual acts of generosity in terms of monetary, in-kind or volunteering time to help others. Defined this way, this study confirms that philanthropy is universal in Pakistan with nearly 98 percent of households reporting giving for various social causes in one form or the other providing opportunity for civil society organizations to tap this practice of charitable giving and volunteering.

The preparation process of the study, guided by the PCP Board of Directors and its Program Development and Research Committee, has included a nationally representative survey of approximately 10,000 households, focus group discussions and interviews with relevant stakeholders to collect data on pertinent questions related to philanthropic giving practices in Pakistan. The information gathered has been used to develop a national level study on individual indigenous giving in Pakistan that will enhance knowledge about the volume and patterns of giving and provide basis to initiate national level conversation to inform policy actors about the critical importance of philanthropy in the development landscape of the country. While some provincial level studies on individual giving have been conducted in the past, this study is a milestone that looks at household giving in the entire country to fill that gap.

The findings of the study reveal that the total estimated magnitude of household level giving in Pakistan is Rs. 239.7 billion in the year 2014 which is more than three times larger than the estimate for 1998. The bulk of total giving comes from monetary donations as Zakat and non-Zakat donations account for 13 and 32 percent, respectively and the monetary valuation of time-volunteerism accounts for 21 percent of total giving. Plainly then, Indigenous Philanthropy in Pakistan is supported through local giving of time as well as money.

In terms of size, households tend to give predominantly to individuals, and mostly to those identified as needy. When it comes to organizations, the principal beneficiaries are the mosques reinforcing the fact that the religious compassion underlying household giving behavior and close proximity to mosques spread across all Pakistan predominate. The findings of the study also identify people's concerns about transparent mechanisms of philanthropic giving and have expressed their willingness

to give to organizations that are focused on local needs and whose working is transparent and result-oriented.

This study provides helpful insights to inform future policy in the area and the trends of individual giving behavior raise interesting questions that require further micro-level research. Hence, specific policy recommendations are presented in terms of actions to be taken by the government, nonprofit organizations and the PCP. More specifically, the policy implications are clear; organizations must form their agendas at a local level with local input as part of the decision making process. PCP envisions that the findings of this study would be of value to policy makers, philanthropic organizations, academia and individuals in moving forward on the discourse of philanthropy. PCP is deeply indebted to all those who supported this endeavor with their enthusiasm, ideas and generosity of both time and money to make it a successful accomplishment.



Mr. Zaffar Ahmed Khan S.I.

Chairman, Board of Directors
Pakistan Centre for Philanthropy (PCP)

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Acronyms

ADP	Annual Development Program
AKDN	Aga Khan Development Network
CSO	Civil Society Organization
FGD	Focus Group Discussion
HNI	High Net-worth Individual
IDI	In-depth interview
IIP	Individual Indigenous Philanthropy
KP	Khyber Pakhtunkhwa
LUMS	Lahore School of Management Sciences
PBS	Pakistan Bureau of Statistic
PCP	Pakistan Centre for Philanthropy
PPS	Probability Proportion to Size
PSU	Primary Sampling Unit
SGD	Structured Group Discussion
SSU	Secondary Sampling Unit

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The completion process of this research study has been inspiring and a fulfilling exercise for us. It grew into more than what had originally been planned and took longer time than we had anticipated. The opportunity to conduct this study on a topic rarely explored in the past has been challenging but rewarding in many ways. This research effort is the outcome of the collective efforts of a number of people, whose contributions the Pakistan Centre for Philanthropy would like to acknowledge, especially the PCP Board of Directors, Research Committee, PCP management and its research team, and many data collectors in the field.

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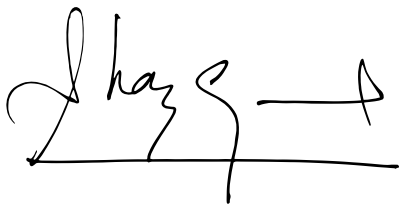
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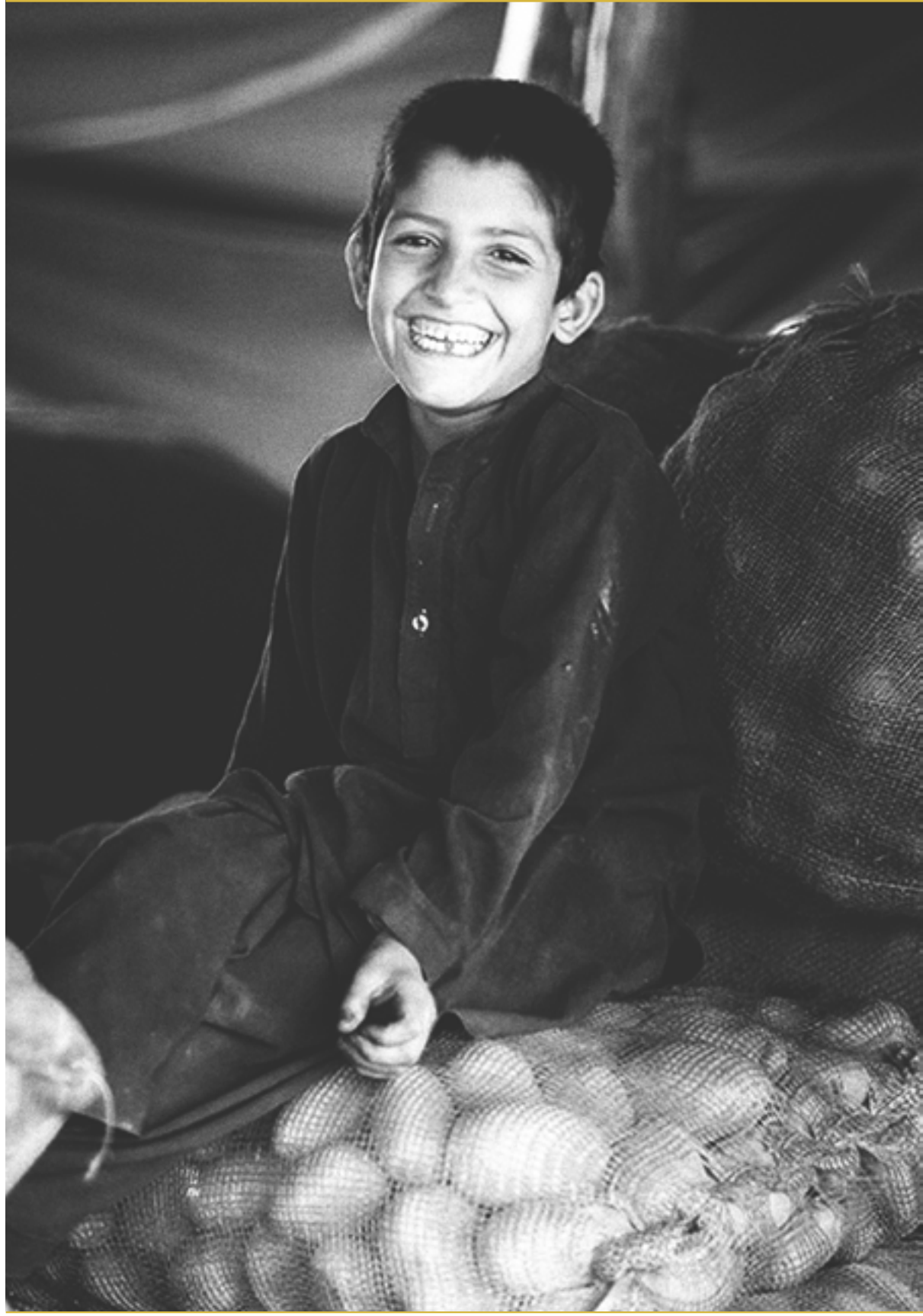
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We hope that this study will be useful to the Researchers, Development Organisations, Civil Society and particularly those engaged in public policy in understanding the issues and challenges surrounding the discourse on philanthropy and in enhancing its volume and effectiveness for greater social impact.



Shazia Maqsood Amjad

Executive Director
Pakistan Centre for Philanthropy (PCP)



Executive Summary

Executive Summary

The study of philanthropy is relevant to understand people's tendency and choices to serve or benefit others and reckon its potential as a means to tackle our social problems for society's survival and well being. Recognizing the fact that nearly 39 percent of Pakistanis live in multidimensional poverty and this proportion is nearly six times higher in rural than urban areas¹, philanthropy offers enormous opportunities to supplement state-run social programmes to reach out to the poor and the underserved to address local needs and poverty issues. The Pakistan Centre for Philanthropy undertook this landmark study to assess the volume of individual giving and bring forth new insights about the patterns and motivations of giving at national level so that philanthropy and generosity can grow.

Several things stand out about philanthropy in Pakistan in comparison to other nations. First, Pakistan has a long tradition of religious giving through Zakat and other forms of giving. Second, nearly 98 percent of Pakistanis either give through cash, in-kind, or time volunteered. The annual amount of individual giving is estimated at Rs. 240 billion in 2013-14. This staggering amount, which by many accounts underestimates the total, raises questions about household choices or motivations about giving. Why do individuals give? Who are the primary recipients? How does giving differ across provinces? Apart from Zakat, how has giving broadened to

bring about improvements in health, education, and the standard of living? How does individual household giving compare with budgets of state-run programs? This report addresses these questions to assess the magnitude of individual philanthropy in Pakistan and explore people's preferences and choices about giving to better inform organizational and policy decisions. The study primarily focuses on patterns of individual giving, while other means of private philanthropy including corporate sector and institutions are not a part of analysis that support local nonprofits and people in the community.

A representative sample of about 10,000 households was selected in four provinces in Pakistan, namely Punjab, Khyber Pakhtunkhwa (KP), Balochistan and Sindh for the study. The data on individual giving was gathered in 2013 in Sindh and 2014 in other three provinces, using quantitative and qualitative methods. In addition to an extensive household survey, focus group discussions were conducted with people in the community and in-depth interviews with high-level officials in relevant government departments to capture their views about philanthropic giving behavior. The data is reliable and represents a good cross-section of views in Pakistan.

¹ Government of Pakistan, Pakistan Economic Survey, 2015-16. Economic Advisor's Wing, Finance Division. 2016

Major Findings



Magnitude of giving

Household giving in Pakistan is estimated at about Rs. 240 billion in 2014. Most of this comes from monetary, in-cash donations and time volunteerism. Out of the total amount, Rs. 113 billion is estimated for Punjab, Rs. 38 billion for KP, Rs. 10 billion for Balochistan, and Rs. 78 billion for Sindh province.



Percentage of households that give

Individual philanthropy is a universal practice among Pakistanis. About 98 percent of households reported giving in cash, in-kind, or time-volunteered. Monetary giving is the highest in Punjab with approximately 50 percent of donations made in cash. Volunteerism is the largest form of contribution in individual philanthropy in all provinces except for Punjab. In Sindh, where poverty is pervasive, volunteering one's time accounts for 48 percent of giving.



Major recipients of philanthropy

In terms of size, individual recipients receive the major share of total donations as compared to organizations. Households tend to give directly to individuals who are needy, disabled and beggars, especially in case of non-Zakat monetary contributions. For organizations, households prefer to donate to mosques and madrassahs that are nearby and address local needs.



Motivations for giving

Individuals in the sampled households have reported that their giving stems from religious reasons, but that compassion also matters. Reciprocity and informal insurance concerns generally drive time volunteerism with the most frequent recipients falling in the giver's most immediate circle including relatives and neighbours.



Factors that influence giving

Focused group discussions suggest that mistrust on non-profit and philanthropic institutions is a major constraining factor in making an effective and transparent use of their contributions. If mechanisms are in place to ensure greater transparency and local involvement in decision making, respondents would be willing to give more to organizations committed to social causes. Some respondents in the survey also stated that they would donate more, if there are greater tax incentives in return for their contributions.



Public policy

The research found that most Pakistanis are unaware of existing charitable organizations as well as the new policy initiatives aimed at increasing philanthropic giving. Therefore, wide spread education is needed to raise awareness about factors that facilitate individual giving.

Policy Implications

The role of philanthropy in meeting basic needs and providing services

The study makes clearly evident the enormous potential for individual giving and social investing in Pakistan. Philanthropy can alleviate immediate and long-term suffering and at a scale that may well be much larger than that of state-run social programs. Therefore, it is essential for organizations such as the Pakistan Centre for Philanthropy and other non-profit bodies to enhance knowledge about giving choices as well as improve the effectiveness of philanthropic giving as an institutionalized form of social safety net. However, any policy that seeks to bring a shift in giving patterns towards organizations at the cost of individuals must

proceed with caution. Despite the well-known advantages of organizational giving such as long-term effects and higher value for money, philanthropic giving to individuals and the value of informal safety nets are critical in improving living conditions and meeting the day-to-day basic needs of many in Pakistan.

A call for more transparency and local involvement in institutionalizing philanthropy for non-profit decision-making

A major determinant of particularly organizational-based giving is proximity and reputation. A majority of focus group participants considered education and health organizations to be worthy beneficiaries of donations and expressed their intention to give to these caus-

es in future. In order for secular institutions to receive donations, majority of participants stressed the importance of trust, transparency, and accountability. Individuals preferred giving to organizations which had a proven track record for success with visible outcomes and encouraged local involvement in decision-making.

Better education about tax policy

Given the favorable views on the part of respondents towards tax incentives and the recent government initiatives to increase the number of tax filers, the time is ideal to take advantage of these rules. Education about new tax laws is therefore vital for widening individual giving choices. The Pakistan Centre for Philanthropy can play an effective role in enhancing awareness on this issue with other organizations.

Making choices for organizational giving easily accessible to the public

The focus group participants revealed that the biggest hurdle that they face in making donations is being able to identify those who are

disadvantaged and deserving of assistance. Similarly, households do not have adequate knowledge about which organizations are eligible to receive Zakat funds. Another promising avenue for increasing donations to organizations involves making information accessible about the registered organizations qualified to receive Zakat.

Future Research

The current survey on individual indigenous philanthropy is a milestone in the history of Pakistan for its size and comprehensive approach. To keep up-to-date on a rapidly changing philanthropic landscape in Pakistan, we recommend conducting shorter-term thematic surveys every two years to understand more fully how different factors contribute to and/or reduce giving and a larger giving survey every fifth year to assess potential value of philanthropic giving for social investments in the country.

Some future topics for investigation include evaluating the volume and effectiveness of philanthropic activity in Pakistan, the potential impact of giving for health and education, religious and individual giving as a form of social safety net, and the mechanisms to improve effectiveness and impact of philanthropy for better social gains.



Section 01

Introduction

Section 01

Introduction

What is indigenous philanthropy?

Philanthropy – for the love of humanity – is best understood as actions of voluntary giving that

serve or benefit others beyond one's family and without the expectation of any return². Over time, philanthropy has been understood as expenditures/investments undertaken by individuals, households, and corporations, which not only provide immediate relief for human suffering, but also seek to improve the human condition in the long term. These sentiments were echoed in the structured and focus group dis-

“

It is the community that must help its poor; if we started to help our poor, poverty can end!

FGD Participant In Swat

² Aga Khan Development Network (AKDN, 2000). Philanthropy in Pakistan.

cussions conducted for the purpose of this report. Here, participants affirmed several ideas about the meaning and mission of philanthropy. In their view, philanthropy alleviates suffering as well as expands the scope of financial relief to improve education and health-related support³.

The term indigenous philanthropy recognizes that the investment aimed at meeting the social and economic needs of the less fortunate must come from within. The use of this term emphasizes the central role that citizens can play in countries like Pakistan, where social safety nets and welfare systems are minimal at best. Philanthropic giving carries with it an enormous potential to significantly improve investments in human and physical capital. While some households may expect reciprocity⁴ and insurance⁵, at other times, giving may come from a communal sense of social responsibility of helping those in need. In this case, giving represents avenues through which the general social contract and community wellbeing may be maintained and improved.

The first study on philanthropy in Pakistan conducted by Aga Khan Development Network (AKDN) revealed that individual philanthropy amounted to Rs. 70 billion in the year 1998, while foreign aid to the country for the same year amounted to Rs. 30 billion. Pakistan Cen-

tre for Philanthropy's (PCP's) own work in 2010 found that individual philanthropists in Punjab collectively managed to raise Rs. 103 billion for social development activities, whereas the total social sector development budget of the Punjab for that fiscal year was Rs. 70 billion (Marylou, 2013). Although Pakistan's position on the World Giving Index, which includes questions on volunteerism, donations as well as helping a stranger has not been consistent over the past few years; it ranked 34th in 2011, 85th in 2012, 53rd in 2013, 61st in 2014 and 94th in 2015, it represents a source of deep social investment that can contribute to alleviate poverty, both immediately and in the long-run, at a scale that may largely change people's circumstances than that observed for public social programs.

Subsequent to the AKDN report - 1998 that signified philanthropy as an enormous potential funding resource, the need to establish a Pakistan Centre for Philanthropy was recognized to further explore avenues for enhancing the volume of indigenous philanthropy and facilitate

Total Giving in Pakistan

- *Was Rs. 70 billion in 1998*
- *Was Rs. 103 billion in 2010 in Punjab province alone*
- *Was Rs. 67.9 billion in 2014 in Sindh province alone*

³ Philanthropy not only provides fish to the hungry, it allows recipients to learn how to fish as well.

⁴ The practice of exchanging things with others for mutual benefit.

⁵ Protecting against contingent events/losses.

an enabling environment to develop effective partnerships among the government, business and civil society for social development in the country. This idea was materialized in 2001 after wide public debate and consultations with senior representatives of the government, citizen leaders, and with professionals from business and development fields. Since then, the Centre has worked as a force multiplier in contributing to enhancing knowledge and effectiveness of philanthropic giving for increased social investment in Pakistan.

It has been almost sixteen years since the last national study on philanthropy was conducted. The current report compares the amount of individual giving in Pakistan as an aggregate, the motivations broken down by subgroups at provincial levels, and different kinds of giving. The objective of the study is not solely to provide a detailed view of the state of household giving in Pakistan, but also to analyse household's motivations in relationship to the recipients. Analyzing more deeply who, how and what of giving will provide a fuller understanding of how households make their choices to respond to individual, organizational, and community needs. It may be noted here that philanthropic funds generated through the corporate sector and other institutions also have huge potential in Pakistan with an estimated amount of nearly Rs. 9 billion of corporate giving in 2015⁶. The present study however, focuses on analysing the volume and patterns of individual giving, drawing data from the household survey conducted in four provinces of Pakistan in 2013-2014.

Research Design

To achieve the objectives of the study, a mixed study design was employed using both quantitative and qualitative methods to seek information on various dimensions of individual philanthropy in Pakistan. The data was collected from a representative quantitative survey of about 10,000 households in four provinces of Pakistan covering both urban and rural areas. The questionnaire included questions on philanthropic giving in different modes and the motivations to give to individuals or organizations, while the qualitative part comprised of focus group discussions from people in the community as well as in-depth interviews from government officials of relevant provincial departments to elicit their views about the significance of philanthropy for social development in Pakistan⁷.

⁶ Pakistan centre for Philanthropy (2016). Corporate Philanthropy in Pakistan: A survey of Public Listed, Public Unlisted and Private Companies.

⁷ A description of the sampling frame and extensive quantitative and qualitative methodology used is provided in Appendices at the end of the report along with data limitations of this study.





Section 02

*The Numbers: Who
Gives, What Forms,
How Much, and to
What?*

Section 02

The Numbers: Who Gives, What Forms, How Much, and to What?

How much do people give?

Individuals in Pakistan donated an estimated Rs. 240 billion in 2014, amounting to approximately 0.9% of the nation's GDP.

The total value of time volunteered combined in the three provinces, using the federal minimum wage to assign a rupee value to an hour, comes to Rs. 83 billion.

Based on collected information, individual giving in Pakistan is estimated at about Rs. 240 billion in 2014. Compared to the first nationwide study on Philanthropy in Pakistan, the current estimate is more than 3 times than that estimated at Rs. 70 billion in 1998. At the same time, giving has not kept pace with the growth of the country and

has fallen from 2.6 percent of GDP in 1998 to about 0.9 percent in 2014⁸.

Table 1 shows that monetary donations drive household giving in Pakistan. Zakat and non-Zakat donations account for 11 and 30 percent, respectively. The monetary valuation of

time-volunteerism accounts for 34 percent of total giving mainly due to large contributions of in-time giving reported in Sindh province. Together, individual philanthropy in Pakistan is supported primarily through local giving of monetary and in-time contribution.

<i>Types of giving</i>	<i>PKR in Billions</i>	<i>Percent</i>
Monetary/non-Zakat	70.8	30
Zakat	25.4	11
In-kind	35.1	14
Time	83.2	34
Usher	13.9	6
Hides	4.9	2
Shrines	6.4	3
Total	239.7	100

Table 1: Magnitude of Giving in Pakistan – 2014
Source: PCP IIP data

⁸ The AKDN 2000 report used the GNP as the benchmark and reported the value as 2.2 percent. We have recalculated it with respect to GDP.

Who Gives and in What Forms?

The breakdown of giving across the four provinces is illustrated in Table 2 highlighting the difference in the types and patterns of giving by province in Pakistan. The largest contribution comes in the form of monetary giving in Punjab (Rs. 39.3 billion as Non-Zakat and 12.3 billion as Zakat donation) followed by Sindh with Rs. 20.1 billion as non-Zakat and Rs. 4.3 billion as Zakat donation. In-kind donations worth of Rs. 23.1 billion are the highest in Punjab and the

lowest in Balochistan at only Rs. 1.9 billion

While time volunteerism constitutes a relatively small fraction of donations in the Punjab at Rs. 18.4 billion, it makes up a relatively significant form of giving in the provinces of KP and Balochistan with estimates of Rs. 13.0 billion and Rs. 3.1 billion, respectively. In the case of Sindh, time volunteerism has the highest value at Rs. 48.6 billion estimated separately from the province data (Sindh, 2014).

In terms of total size, monetary and time donations constitute the bulk of donations.

	<i>Monetary</i>	<i>Zakat</i>	<i>In-kind</i>	<i>In-time</i>	<i>Other</i>	<i>Total</i>
Punjab	39.3	12.3	23.1	18.4	19.4	112.6
Kp	10.1	6.5	4.7	13.0	4.1	38.4
Balochistan	1.3	2.3	1.9	3.1	1.8	10.3
Sindh	20.1	4.3	5.4	48.6	-	78.4 ⁹
Pakistan Total (Rs. Billion)						239.7

Table 2: Total Magnitude of Giving by Type and Province- 2014

Source: PCP IIP data

⁹ For Sindh, we use the figure of Rs. 67.9 billion as reported in the Sindh Report on Individual Philanthropy (PCP, 2014) and adjust for inflation (7.7 for 2013 and 7.2 for 2014) which inflates the amount to Rs. 78.4 billion in 2014.

Looking at individual giving patterns in Pakistan from another perspective, Figure 1 below shows comparison of provinces analysed in different studies and time. In Sindh province time-volunteerism (62 percent) is the largest contributor to individual giving, although monetary giving (27 percent) is also significant.

The most interesting findings are from Punjab province. It is apparent that individual giving patterns as observed in the 2010 have changed in the 2014 study. First of all, it is found in 2010 that time volunteerism was the primary form of giving in Punjab with 35 percent of households reporting in-time giving which dropped to 16 percent in 2014 showing a reversal with monetary giving constituting the largest percentage of 35, followed by in-kind and time volunteerism.

er percentage of households paying Zakat (11 %) than in the year 2010 (17 %). In addition to a major shift in the mode of giving, the amount donated in the Punjab rose in nominal terms from Rs. 103.7 billion in 2010 to Rs. 112.6 billion in 2014 (Table 2).

Individual Giving in Three Provinces (Punjab, KP, Balochistan)

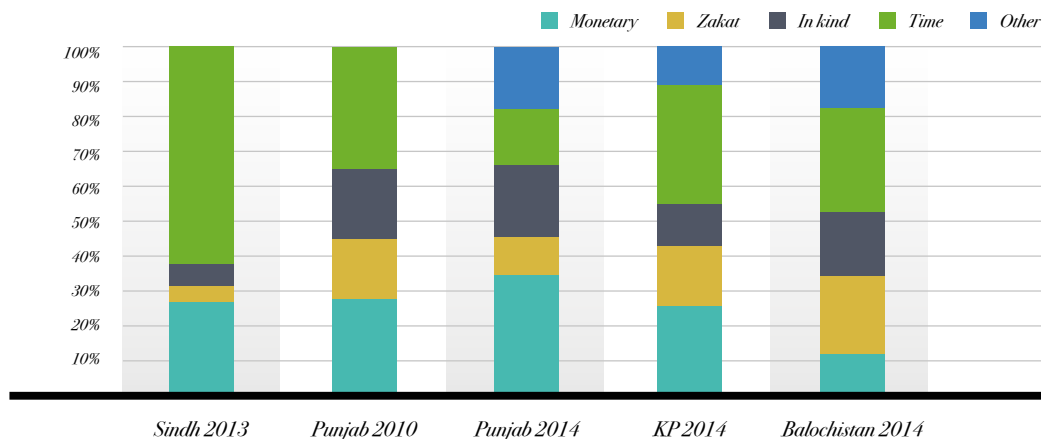


Figure 1: Comparison of Individual Giving Patterns among Provinces – 2010, 2013 and 2014

Source: PCP IIP data and PCP 2010

It is possible that due to the massive floods in the Punjab province in 2010, the magnitude of time volunteerism was inflated at that time.¹⁰ It is also likely that people's choice to volunteer time has changed due to rapid urbanization and progress in the province, making them inclined towards more cash donations in recent years. Furthermore, Punjab in 2014 also shows a low-

While considering the monetary value of donations, non-Zakat money and time volunteerism form the largest proportion of individual philanthropic giving in the three provinces minus Sindh¹¹. Non-Zakat monetary donations account for nearly half of all giving in the three provinces, while time volunteerism has the second highest proportion at 21 percent. In-

¹⁰ The 2010 study used Rs. 50 per hour to value time volunteerism, while we used the minimum wage (Rs. 62.5) in the 2015 study. The valuation has not kept pace with inflation and would overstate or understate the contribution of time in the 2010 (2015) study.

¹¹ For Sindh province, the results are discussed in a separate section due to difference in the nature of question being asked on giving.

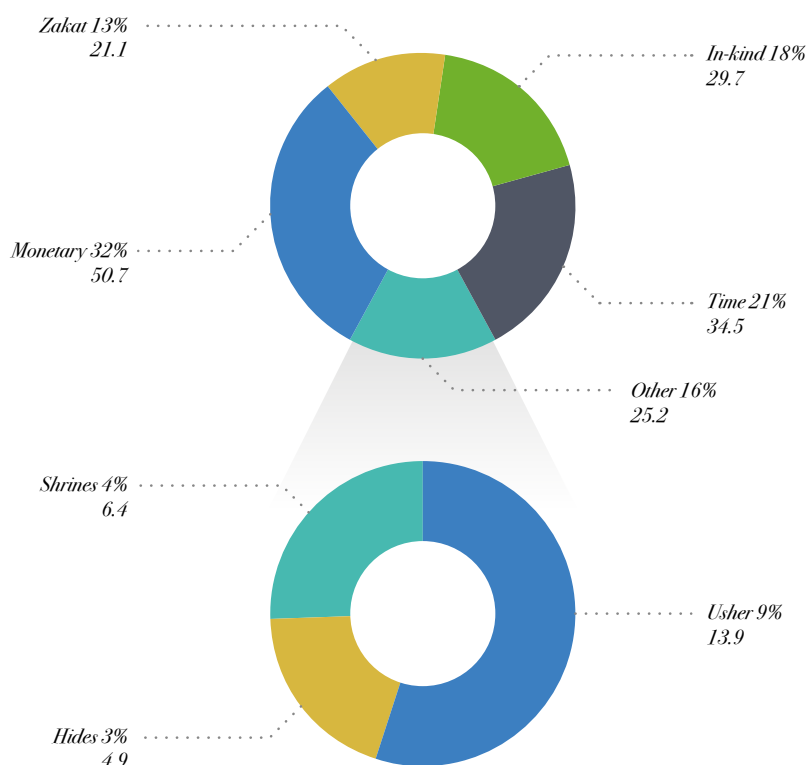


Figure 2: Magnitude of giving (Rs. billion) and its percentage distribution by different types in three provinces combined

Source: PCP IIP data

kind giving accounts for 18 percent of total giving (Figure 2).

It is important to note that the combined value of time volunteered in the three provinces totalled Rs. 34.5 billion, when using the federal minimum wage to assign a rupee value to an hour. On the average, the surveyed households volunteered 43 hours in a year. The top 10 percent of households in the three provinces of Punjab, *KP and Balochistan gave at least 72 hours or 9 days in a year.

The median¹² monetary contribution in the provinces was Rs. 1,200 per year, with 25 percent of households reporting more than double of that or Rs. 2,735 per year. As a proportion of their income, the median respondent in the three provinces donated half a percent of their

annual income in cash. It is worth noting that the budget for KP as reported in the 2015-16 Annual Development Programme (ADP) stood at Rs. 174.88 billion. This suggests that household giving could more than pay for all of the on-going and future development programs of one of the country's four provinces.

While per capita giving is higher in urban areas, monetary contributions differ by province.

Monetary giving in rural KP is 4 times greater than urban areas at Rs. 30.5 billion and Rs. 7.8 billion in urban areas.

¹² Value at the mid-point of the frequency distribution.

The Rural-Urban Divide

Our data also identifies significant differences in rural versus urban giving across provinces¹³. For example, monetary contributions in rural

Punjab amount to Rs. 23.67 billion in comparison to Rs. 15.64 billion in urban areas. Similarly, monetary giving in rural KP is nearly four times that in urban areas (Rs. 8.26 billion vs. Rs. 1.80 billion). This difference can be attributed to a larger rural population in both provinces (Table 3).

More interestingly, the rural-urban difference for time-volunteered is

substantial, especially in Punjab and KP. Given the rapid pace of urbanisation, this trend may at first glance be discouraging. However, a look at the average yearly contribution per household shows those urban households

contributed more to charity on average, with the exception of Balochistan. When household size is taken into account, it is further observed that across all three provinces, per capita giving is higher in urban than in rural areas. If the same patterns are sustained, the rapid pace of urbanisation should lead to an increase in both the share of urban giving and the overall magnitude of giving in Pakistan.

What Motivates Giving Choices?

According to the BNP Paribas Individual Philanthropy Index (2014), top motivations for philanthropy are “altruistic desire, personal experience, sense of duty, family legacy, desire to apply family know how, desire to give back to society, and religious faith”¹⁴. They also highlight eight mechanisms that drive charitable or philanthropic giving, which are need, solicitation, cost/benefit analysis, altruism, reputation, psychological costs and benefits, values, and efficacy.

One way to understand motivations for giving is to think of it as an interaction between a donor and recipient. Donors may choose recipients who support their social issue priorities or help others out of a moral sense or religious obligation. Giving may be further used as a means to

Households give for religious reasons with compassion as a second motivation.

The most frequent way of giving is non-Zakat monetary donations.

Second most common form is in-kind giving.

Households primarily give to individuals and those who are known to be needy.

Beggars are the most common type of individual recipients.

	<i>Balochistan</i>		<i>Punjab</i>		<i>Khyber Pakhtunkhwa</i>	
	Rural	Urban	Rural	Urban	Rural	Urban
Monetary	0.96	0.33	23.67	15.64	8.26	1.80
Zakat	1.79	0.52	6.07	6.26	4.94	1.56
In-Kind	1.69	0.20	13.90	9.22	3.68	0.97
Time	2.35	0.71	11.41	7.02	10.10	2.92
Other	1.49	0.30	15.65	3.73	3.49	0.59

Table 3: Magnitude of Giving by Urban-Rural Areas and Province (Rs. billion)

Source: PCP IIP data

¹³ This section presents results for three provinces of Punjab, KP and Balochistan, while Sindh is discussed in a separate section subsequently.

¹⁴ B. René and W. Pamala [2010]. A Literature Review of Empirical Studies of Philanthropy: Eight Mechanisms That Drive Charitable Giving. Nonprofit and Voluntary Sector Quarterly XX(X) 1–50.

form and solidify a social net. Here, philanthropy comes with an expectation of reciprocity.

Why Do Households Give?

As motivations behind giving, Table 4 shows that households give primarily due to religious reasons, but compassion also matters as reported by a majority of respondents. Among other reasons, affordability to give and the ob-

served need are other most cited motivating factors in influencing giving behaviour of Pakistanis.

The survey results indicated that people have preference to give to individuals, and especially to those known to be needy. This could explain why beggars are the principal beneficiaries of giving.

Approximately 95 percent of households in Pakistan cited religion as their reason for giving to both individuals as well as organizations.

<i>Reasons</i>	<i>Percent Responses*</i>
Can afford it	41
Social norm	10
Observed need	41
Religious reason	95
Compassion	87
Other	11

*(Multiple responses - Percentages do not add to 100 percent)

Table 4: Reasons of Giving by the Respondents-2014

Source: PCP IIP data

“

*Philanthropy makes Allah happy;
It is an obligation upon a Muslim*

FGD Participant In Bahawalpur

In the case of giving to organizations, the recipient's proximity also matters. Given the religious drivers underlying household giving behaviour and the profusion of mosques in every neighbourhood across Pakistan, it comes as no surprise that among organizations, the principal beneficiaries are mosques and madrasahs.

The results from Figures 3a and 3b strongly affirm that household giving is primarily religiously motivated with approximately 90 to 95 percent of households in both the aggregate and provincial breakdowns citing religion as the reason for giving to both individuals as well as organizations. Compassion comes in as the second main motivator with nearly 87 percent

of households at the aggregate and 80 percent plus at a provincial level. A closer look at motivations reveals that nearly 80 percent of households in the aggregate give out of "observed need" or simply because they "can afford it," with the percentages rising to the highest at 64 and 56, respectively in the case of KP. Together, these two factors suggest that households, and particularly those in KP, are giving because they are aware of gaps in public provisioning and understand they have a civic responsibility when they possess the means. The fact that how affordability factors into households' giving decisions is corroborated when we consider the link between wealth and giving motivations which will be discussed later in the report.

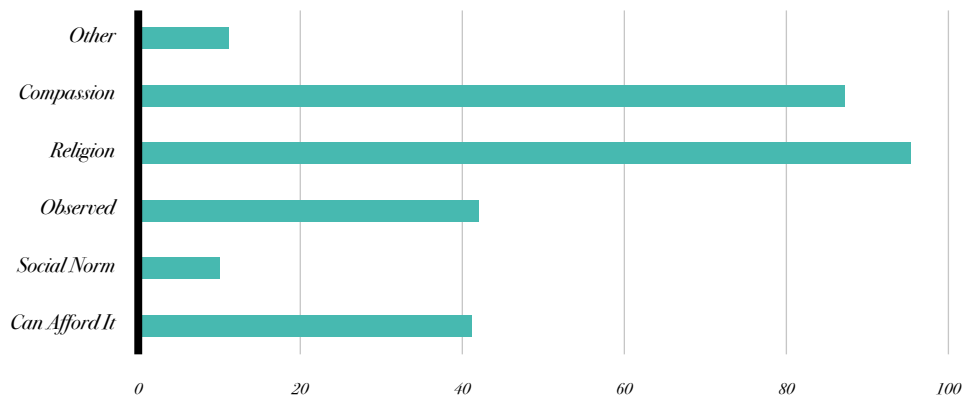


Figure 3a: Reasons of Giving as Aggregate of Three Provinces*

*(Multiple responses - Percentages do not add to 100 percent)

Source: PCP IIP data

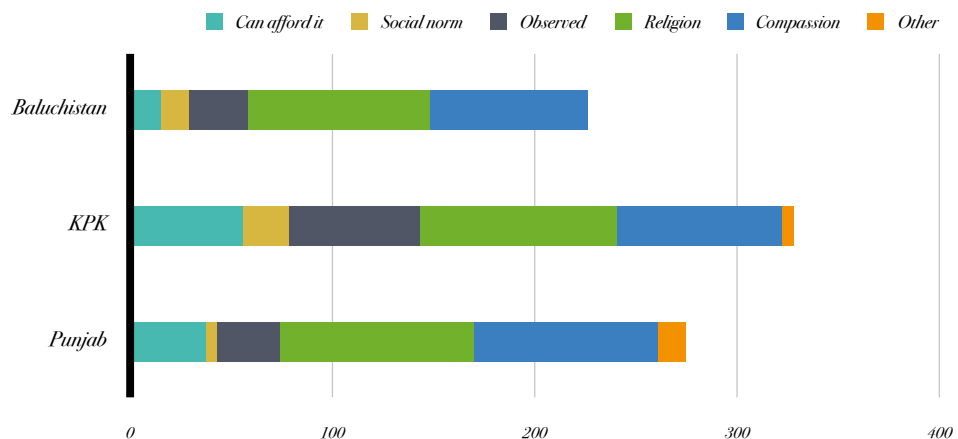


Figure 3b: Reasons of Giving by Province

Source: PCP IIP data

Who are the Recipients of Individual Giving?

Figure 4 shows that most charitable contributions are given to individual recipients where a majority of respondents reported donating to individuals as opposed to an organization. The estimate shows that about 67 percent of respondents preferred giving to individuals while one-third made donations to organizations.

minor at around 50 percent, about 90 percent of households in Balochistan give monetarily to individuals. Could this be because households in Balochistan prefer not to give to organizations or consider that organizations are less trustworthy? Alternatively, there could just be fewer organizations operating in Balochistan.

The bulk of monetary giving occurs in Punjab which contributes over two thirds of monetary donations among the three provinces. Cash donations are the only type of giving where households report close to an even split between individual-based

For both in-kind and time volunteerism individual recipients are preferred to organizations.



Figure 4: Number of Respondents Giving to Individuals vs. Organizations

Giving to Individuals versus Organizations

When analysing the findings for magnitude of monetary giving (non-Zakat), Figure 5 shows that there is a significant provincial difference between individuals and organizations. While the difference in percentage of households giving to individuals in Punjab and KP is fairly

giving and to both individuals and organizations. Moreover, beggar-based requests likely drive household cash-based giving.

Table 5 shows that for both in-kind and time-volunteerism, individuals again are preferred to organizations in all three provinces. However, in case of hides' donation, organizations are the preferred choice, something that may be attributed to the strong logistics network required for hide collection and disposal as well as the organizations' interest in collecting hides for monetary benefits.

Disaggregating urban and rural giving patterns, table 6 shows that urban households, on average, give more than their rural counterparts

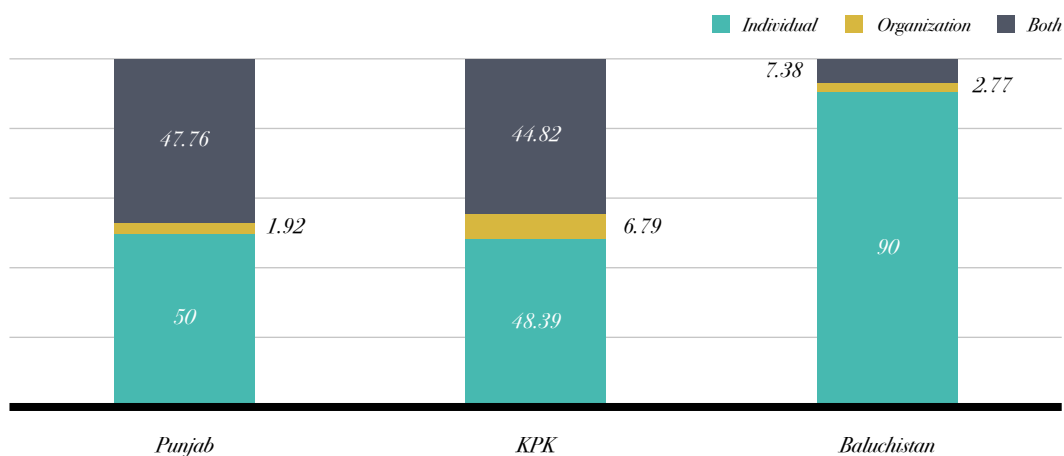


Figure 5: Monetary Giving to Individuals vs. Organizations by Province

Source: PCP IIP data

to individuals in Punjab and Balochistan, while KP has contrary trend showing greater contributions to organizations by rural than urban households. Organizations received a minute proportion of the overall monetary donations made in both rural and urban areas (side box).

A substantially larger percentage of households that own agricultural land contribute to Usher in KP when compared to Punjab and Balochistan. The province also sees the highest percentage of households giving time with Balochistan coming in at a close second. This could point towards the usage of household time-based giving to maintain social or safety

networks.

On further investigation, it was found that participants in Balochistan FGDs expressed the same degree of eagerness to direct donations to organizations, but they are no more or less vocal in their calls for greater transparency and direct involvement of organizations with communities. The differences observed in recipient type are because of the absence of households in Balochistan giving to both individuals and organizations. In fact, a greater percentage of households in Balochistan are giving just to organizations than in the Punjab.

	Balochistan	Punjab	Khyber Pakhtunkhwa
In-kind Gifts			
Individual	1.52	18.89	3.27
Organization	0.38	4.22	1.36
Time Volunteered			
Individual	1.99	16.04	7.29
Organization	1.11	2.39	5.73
Hides			
Individual	.09	0.46	0.47
Organization	0.26	2.98	0.59

Table 5: Giving to Individuals vs. Organizations: In-kind, Time, and Hides (Rs. Billion)

Source: PCP IIP data

	<i>Balochistan</i>		<i>Punjab</i>		<i>Khyber Pakhtunkhwa</i>	
	Rural	Urban	Rural	Urban	Rural	Urban
Individual	1935	1985	1714	2854	2591	2150
Organizations	328	396	1269	1950	2982	2630

Table 6: Average Yearly Monetary Contribution (Rs.) Per Household by Type of Recipients - 2014
Source: PCP IIP data

How does wealth affect giving?

The differences found in “individual” versus “both” giving as seen in Figure 5 could also be explained by household demographic and socio-economic characteristics. While no significant variation in monetary giving behaviour is observed in analysing the sample by education or occupation, we found a correspondence between wealth levels¹⁵ and the type of monetary giving. Among the wealthiest, monetary giving to individuals decreased but giving to both individuals and organizations increased with no difference observed in case of giving to organ-

izations only (Figure 6a).

Better explanations for the differences in provincial giving are illustrated in Figure 6b. Here, one finds a substantially higher percentage of “low/poor” households and the smallest percentage in the “high” income category in Balochistan. It is unsurprising, then, that the province has the lowest percentage of households giving monetarily to both individuals and organization and the highest giving to individuals only. Only 77 percent of households report that they engaged in monetary giving in the past one year in comparison to 90 percent in KP and Punjab.

Monetary giving is the only type of giving, where substantial differences are found across the three provinces.

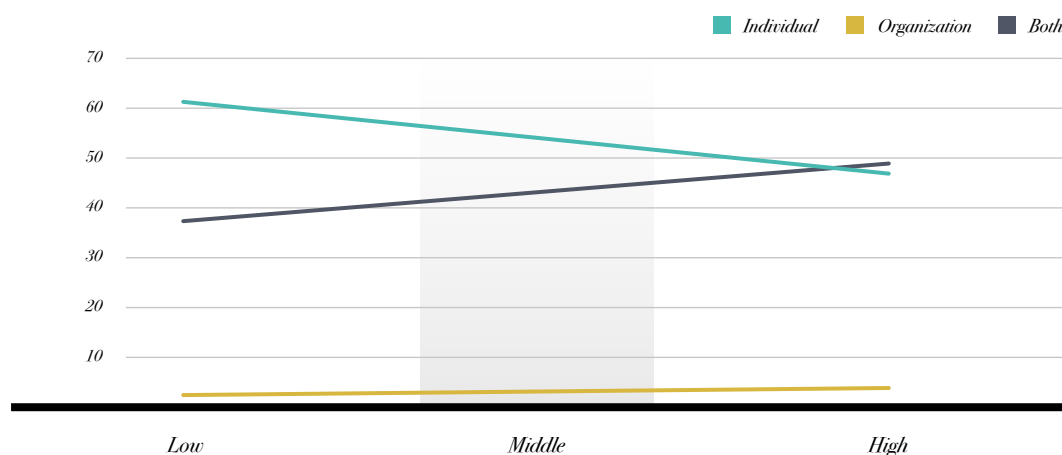


Figure 6a: Recipients of Monetary Giving by Wealth Levels of Respondents

Source: PCP IIP data

¹⁵ In order to represent wealth we first used Principal Component Analysis to create a Standard of Living Index. This index included not just the assets owned by the household but also whether the household has access to water, electricity, a working toilet, and a metal roof. We then generated three groups, with the lowest tertile designated as ‘low/poor’, and the highest as ‘high/rich’. 34 percent of sample was found to be in the ‘low’ category, and 33 percent in the ‘high’.

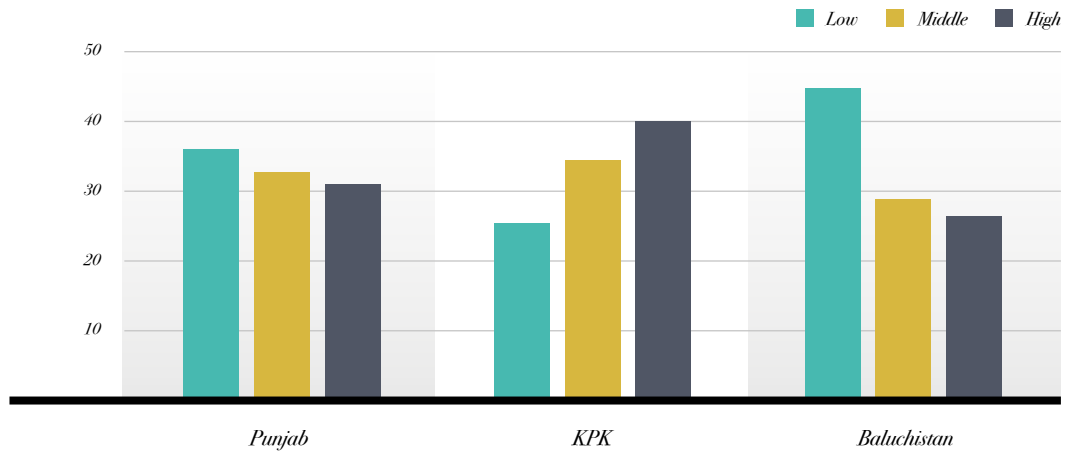


Figure 6b: Recipients of Monetary Giving by Wealth Levels of Respondents for Provinces

Source: PCP IIP data

Food donations account for more than 60 percent of all reported in-kind giving, regardless of the province.

The research further illuminated significant variations in motivations when factoring wealth. As described in Figure 7, there are no stark differences in religious or compassion-based motivations across our wealth tertiles. The most significant differences amongst wealth categories occurred in

instances of “observed need” and “affordability”. This perhaps suggests the poorer segments of the sample simply lack the funds to engage in monetary giving.

For in-kind giving, the results show that food and clothing are the major items given to both individual and organizations. The differences in wealth levels across the three provinces can also help to shed light on the observed differences in the nature of in-kind giving found

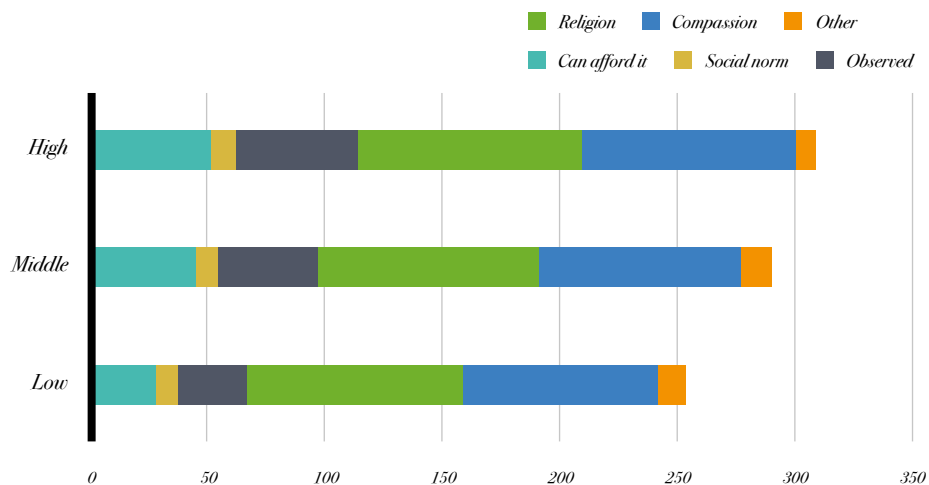


Figure 7: Households' Motivations for Giving by Wealth Levels*

*(Multiple responses - Percentages do not add to 100 percent)

Source: PCP IIP data

across the three provinces. Balochistan not only sees the highest percentage of households giving clothes, but also household items and medicines as compared to KP and Punjab (Figure 8a and 8b).

Interestingly, the Punjab FGDs specifically mentioned the provision of food as a means of social development. This is reflected in the sample survey results where about 93 percent

of households in Punjab donate by giving food, primarily to beggars and the needy. Overall, when it comes to in-kind giving, household food donations account for more than 60 percent of all reported cases of in-kind giving, regardless of the province and whether the giving is routed to individuals or to organizations.

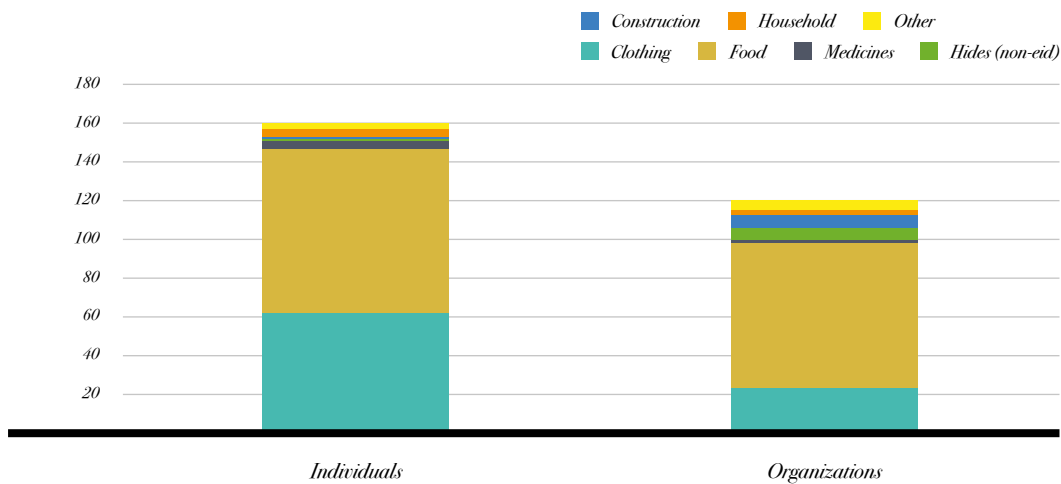


Figure 8a: Types of In-kind Giving to Individual vs Organizations*

*(Multiple responses - Percentages do not add to 100 percent)

Source: PCP IIP data

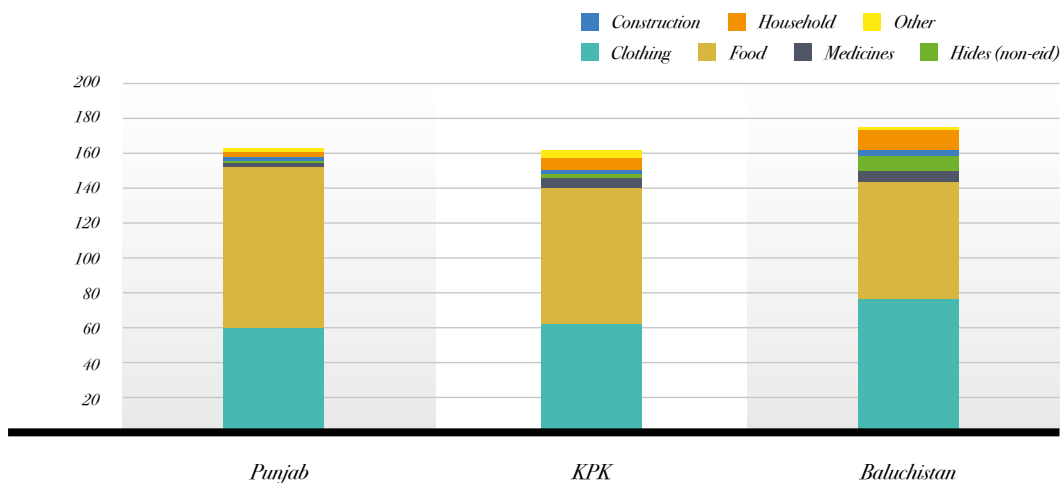


Figure 8b: Types of In-kind Giving By Province*

*(Multiple responses - Percentages do not add to 100 percent)

Source: PCP IIP data



Section 03

Zakat Giving





مَثَلُ الَّذِينَ يُنْفِقُونَ أَمْوَالَهُمْ فِي سَبِيلِ اللَّهِ
كَمَثَلِ حَبَّةٍ أُلْبَسَتْ سَبْعَ سَنَابِلَ فِي كُلِّ سُنبُلَةٍ
مِنْهُ حَبَّةٌ وَاللَّهُ يُضَاعِفُ لِمَنْ يَشَاءُ وَاللَّهُ
وَالسَّعِيدُ عَلِيمٌ

The example of those who spend their wealth in the way of Allah is like a seed [of grain] which grows seven spikes; in each spike is a hundred grains. And Allah multiplies [His reward] for whom He wills. And Allah is all-Encompassing and Knowing.

Surah Al-Baqarah - Al-Qur'an al-Kareem

Section 03

Zakat Giving

Zakat is primarily driven by religious motivation, with the highest percentage of households citing religion as their reason for donating. When comparing giving among provinces in Figure 9a and 9b, it is worth noting that only 16 percent of households in Punjab reported eligibility to pay Zakat as compared to 37 percent in KP and 39 percent in Balochistan. Correspondingly, out of the eligible households Punjab also has the lowest percentage of Zakat payers (90 percent).

This result is contrary to the expectation which needs more detailed analysis. However, the percent of households engaged in in-kind and shrine-based giving and monetary donations is substantially higher in Punjab than that found in KPK and Balochistan, but lower in time volunteerism.

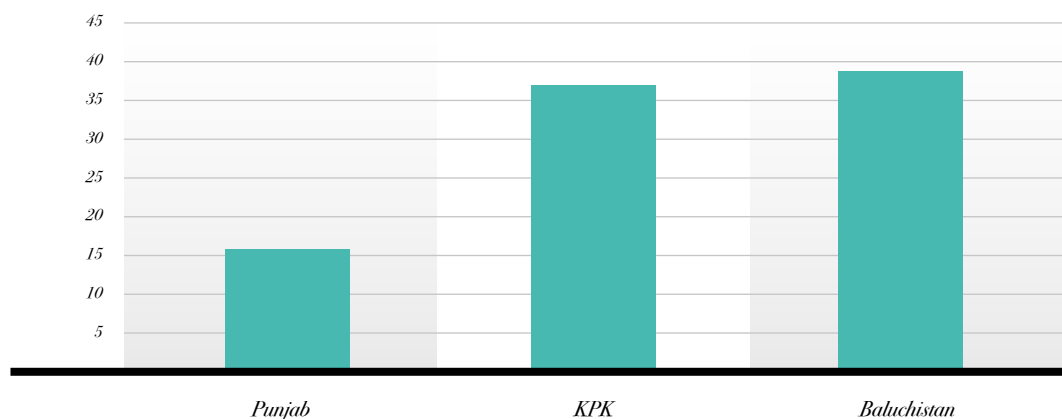


Figure 9a: Percentage Distribution of Respondents' Zakat Eligibility by Province

Source: PCP IIP data

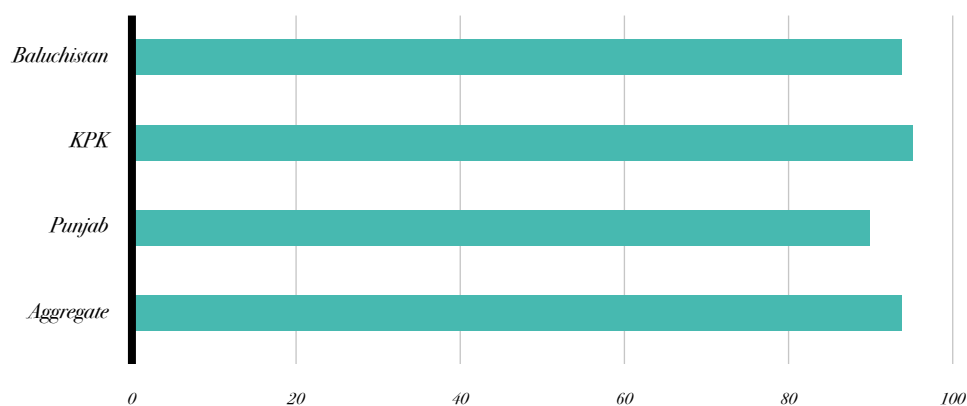


Figure 9b: Giving Ratio among Zakat Eligibles by Province
Source: PCP IIP data

Figure 10 also shows that nearly 80 percent of households in aggregate give Zakat to individuals. When it comes to giving Zakat to both individuals and organizations, only about 16 percent of the sampled households report do-

ing so. As the Secretary of the Zakat and Usher in Punjab explained, many households are unaware of the registered organizations eligible to receive their Zakat funds.

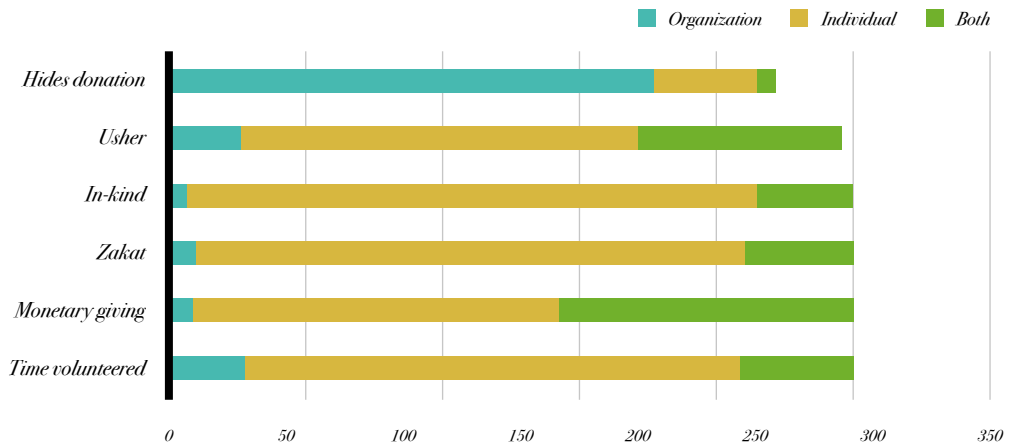


Figure 10: Breakdown of Giving by Individuals vs. Organizations - 2014

“

There is no easily accessible database available to the public for those registered societies and organizations in Pakistan that are entitled to receive zakat.

Secretary of the Zakat and Usher Department
Government of Punjab.(IDI)

This point raises some logistical issues for organizations, if they want to tap into Zakat funds. The majority of households in the survey chose not to use the government-sponsored option of giving their Zakat withdrawn from their bank account. Instead, they preferred to donate contributions themselves (Figure 11). Therefore, organizations will need to use advertising more effectively prior to the start of Ramzan and during the first few weeks of the month in order to have more funds channelled towards them.

those deserving of assistance. Proximity is also significant and likely explains why religious organizations tend to receive all types of giving, since there is at least one mosque in every neighbourhood in Pakistan.

The focus group participants revealed that the biggest hurdle they face in making giving decisions is identifying the disadvantaged and those deserving of assistance.

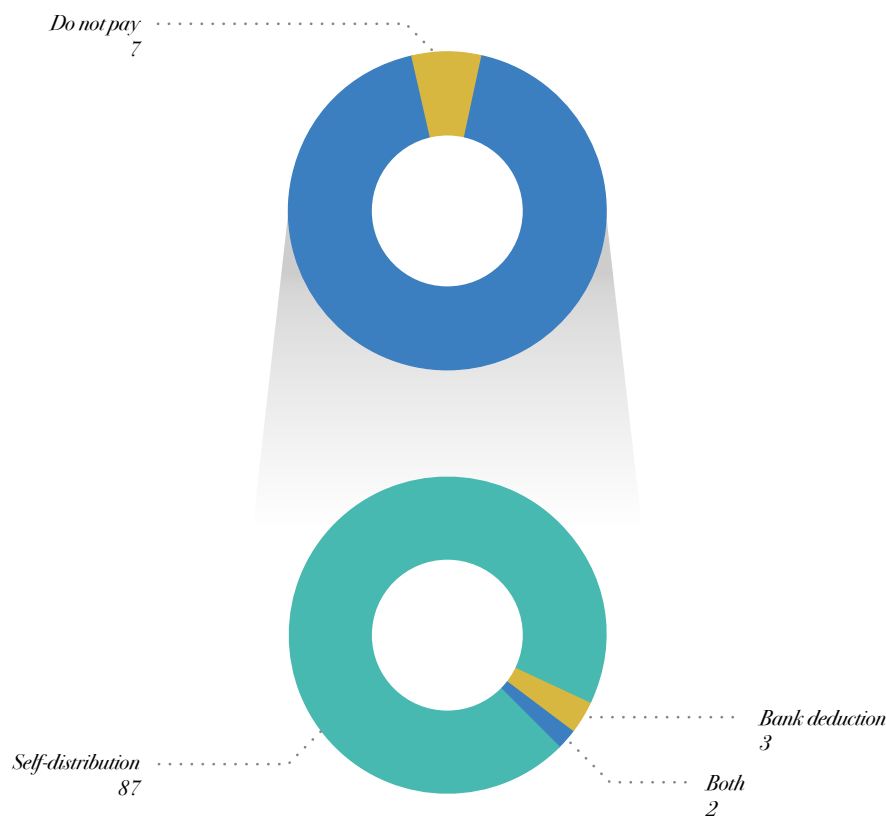


Figure 11: Percentage Distribution of Zakat Givers by Mode of Payment

Source: PCP IIP data

Reputation and proximity are significant for both individual and organizational giving. Being known as needy matters for all types of giving to individuals, except monetary, with reputation effects for organizations being the largest for Zakat giving. The participants of the focus group discussions further revealed that the biggest hurdle that they face in making giving decisions is being able to identify the disadvantaged and

The importance of reputation sheds light on why health organizations are the second most commonly cited organizational recipient of Zakat after religious reasons, while education, environment and civil rights organizations receive little donations (Figure 12). Hospitals frequently launch campaigns that solicit Zakat funds¹⁶. Several of the major and reputable hospitals in the country such as Ganga Ram

¹⁶ This is especially the case as we approach the month of Ramzan: a time when most people give their Zakat.

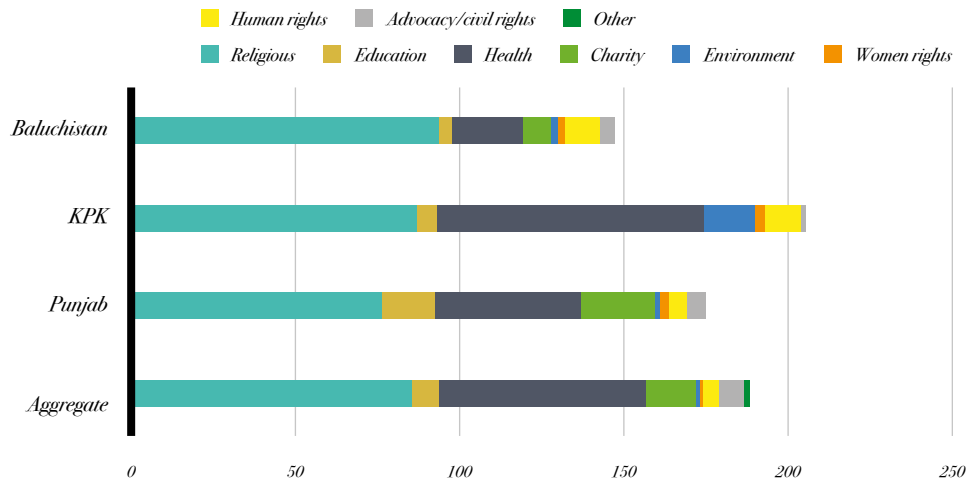


Figure 12: Sphere of Activity for Organizations Receiving Zakat

*(Multiple responses - Percentages do not add to 100 percent)
Source: PCP IIP data

Hospital in Lahore have active Patient Welfare Societies that fund patient care through Zakat donations. Participants in the focus groups, particularly in the KP, which has the highest giving to health care organizations, noted the small state budgetary allocation to health and the essential role of communities in fulfilling basic and social needs of individuals. This also points to the recognition by households that state provision of health services is inadequate and requires citizen intervention.

While about 70 percent of households give their Zakat to their relatives and neighbours, about 86 percent donate their time to the “needy”

which according to the survey documentation refers to non-beggars/seriously ill/disabled and in some cases even to beggar.

For other modes of giving when households volunteer their time to neighbours and relatives in their social network, it is generally easier to reciprocate than giving cash or even in-kind donations. In case of organizations, the highest percentage of households give in cash, kind and time to mosques and madrassahs, with little amounts donated to CSOs or schools (Figure 13a & 13b).

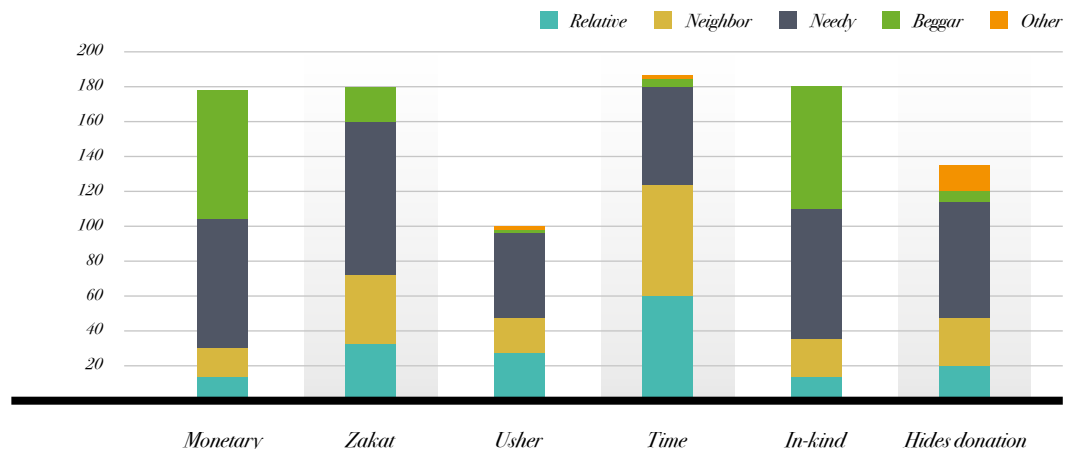


Figure 13a: Modes of Giving by Type of Individual Recipients*

*(Multiple responses - Percentages do not add to 100 percent)
Source: PCP IIP data

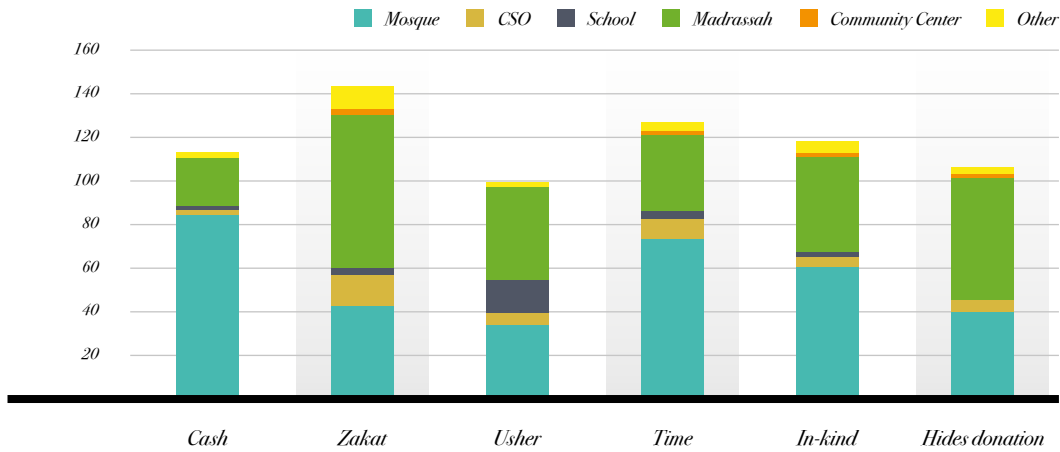


Figure 13b: Modes of Giving by Type of Organizational Recipients*

*(Multiple responses - Percentages do not add to 100 percent)

Source: PCP IIP data

Given the excess of organizational advertisement during Eid-al-Adha, it is unsurprising that the vast percentage of households donate their hides to Madrassahs that are in close proximity to where they live. Organizations have an ad-

vantage over individuals here, since hides need a logistical network for their collection and disposal.



Section 04

Individual Giving in Sindh

Section 04

Individual Giving in Sindh¹⁷

In the case of Sindh Province, voluntarism accounts for 62 percent of giving (Sindh, 2014).

In contrast to the earlier discussions which studied household giving in the three provinces, this section examines individual giving in Sindh province.

Table 7 shows that out of the total 3000 individ-

uals sampled in Sindh, approximately 97 percent reported giving in some form in the year 2013. The most common form of giving by a large margin was time volunteerism followed by in-cash, and in-kind donations. Similar to the three provinces studied, the absolute frequency of Zakat and Usher is very low, with only 21 percent and 9 percent of the sample, respectively. Out of those considered eligible, nearly

<i>Givers</i>			
<i>Types of Giving</i>	<i>Eligible Respondents^{*18}</i>	<i>Number</i>	<i>Percent</i>
Cash	2920	2698	90
Zakat	899	636	21
Usher	899	271	9
Time	2920	1970	66
In-kind	2920	1615	54
Total Observations	(3000)		

Table 7: Number and Percentage of Respondents by Type of Giving in Sindh -2014

^{*}Multiple responses
Source: PCP IIP data

¹⁷ For Sindh province, the results are discussed in a separate section due to difference in the nature of question being asked on giving.

¹⁸ The first column refers to the number of households that responded with a yes/no when asked if they engaged in each type of giving. For Zakat and Usher, respondents were asked if they were eligible to pay either Zakat or Usher. The data does not allow us to disaggregate eligibility for both variables.

71 percent of households pay Zakat. This figure is lower than the average for the other three provinces at 93 percent. The lower figure may be due to the fact that eligibility was elicited by combining both Zakat and Usher in the survey leading to the likely underestimated total.

It should not be surprising to note that 94 percent of respondents cited religion as their motivation for giving in Sindh (Figure 14). However, individuals also reported giving out of compassion (92 percent). Among other motivations for giving, the respondents considered civic duty and return to society as important reasons. Fi-

nally, only a small proportion of respondents, just 5 percent, reported giving to charity to receive praise from their peers.

Figure 15 shows that comparatively, Sindh has the lowest reported frequency of giving in-kind across all provinces at 55 percent. The figure contrasts with combined in-kind total of 79 percent for Punjab, KP and Balochistan. This difference may be attributed to the individual response to the survey in Sindh. In-kind giving tends to be more of a "household" activity, such as old clothes given to charity. The other major difference is apparent in the frequency of Zakat

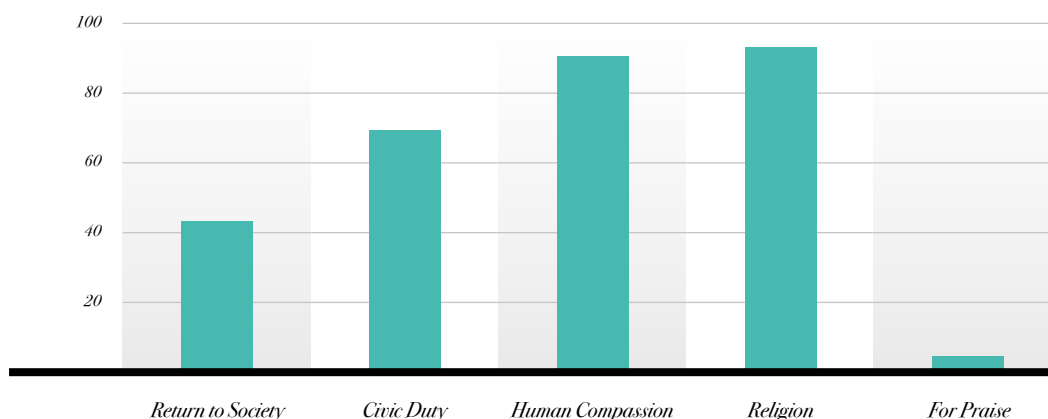


Figure 14: Motivations for giving reported in the sample (Sindh)

*Percentages based on multiple responses
Source: IIPS Sindh 2013

and Usher where Sindh has the lowest reported proportions of giving (71 percent and 30 percent) out of those eligible to pay compared with combined 93 percent and 81 percent for the three provinces (Figure 15).

Figure 16 portrays the types of giving to individual recipients against organizations in Sindh, reaffirming the fact that individual recipients get the bulk of donations. This finding supports

the reciprocity hypothesis or the use of charity to serve as an informal safety net to meet the short-term needs of local recipients including neighbours, relatives and friends. Of those who do give to organizations, very few donate exclusively to organizations. Only 18 percent of respondents reported monetary giving and volunteering time to both individuals and organizations.

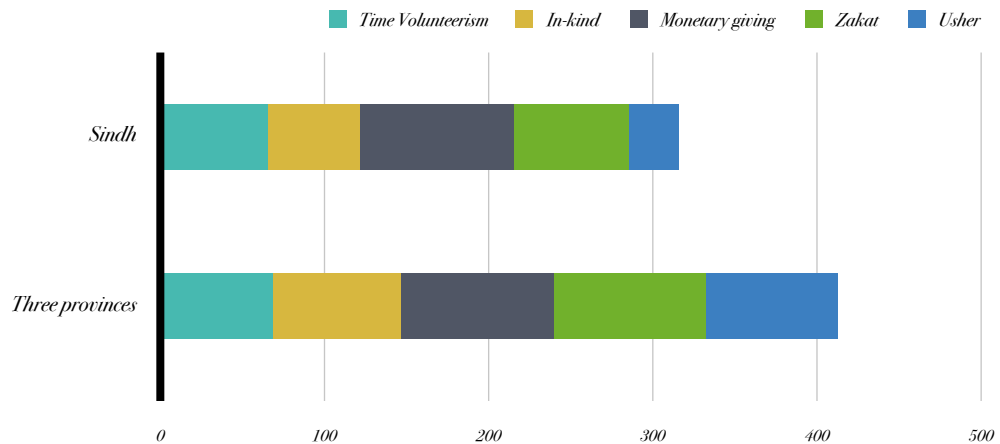


Figure 15: Percentage of Households by Type of Giving in Sindh compared to the three provinces*

*Percentages based on multiple responses
Source: IIPS Sindh 2013

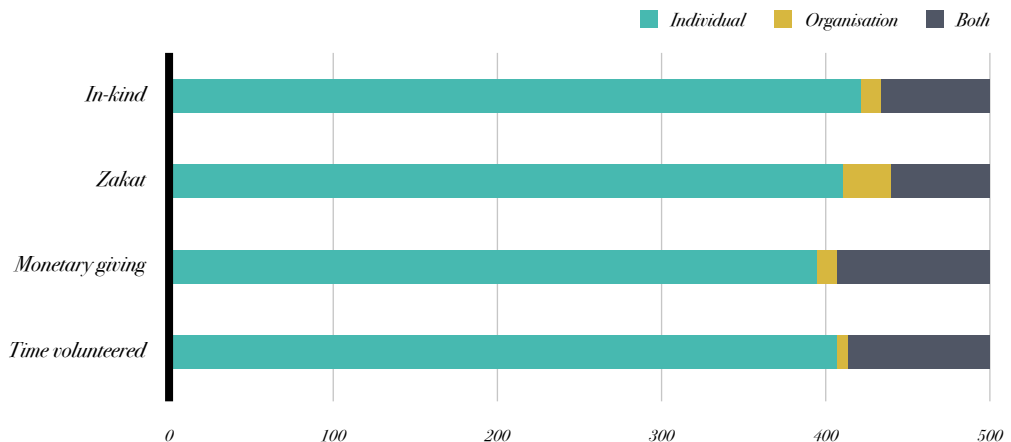


Figure 16: Percentage of Respondents by Type of Giving to Individuals vs. Organizations in Sindh

Source: IIPS Sindh 2013

Figures 17a and 17b show that time is most often volunteered to those in the person's social circle (relatives or neighbours) and lesser to persons not likely to be known (beggars and strangers). The social net hypothesis is, therefore, further confirmed by the survey's time volunteerism findings. As with the rest of the country, the major organizational recipients in

Sindh are religious in nature, with mosques/madrassahs accounting for more than 50 per cent of all responses in all categories. Outside the religious nexus, individuals in Sindh also report donating to civil society initiatives, but rarely to education and other community services.

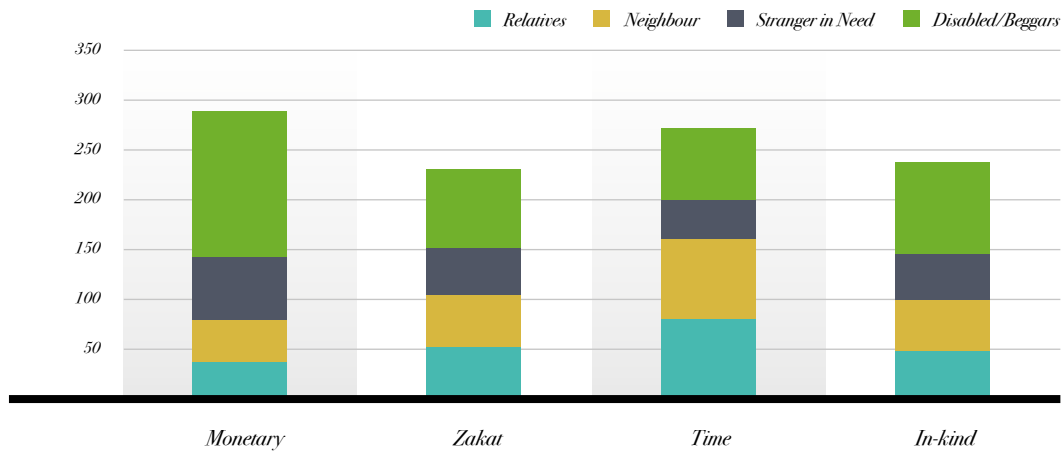


Figure 17a: Individual recipients by type of giving in Sindh*

*multiple responses
Source: PCP IIP data

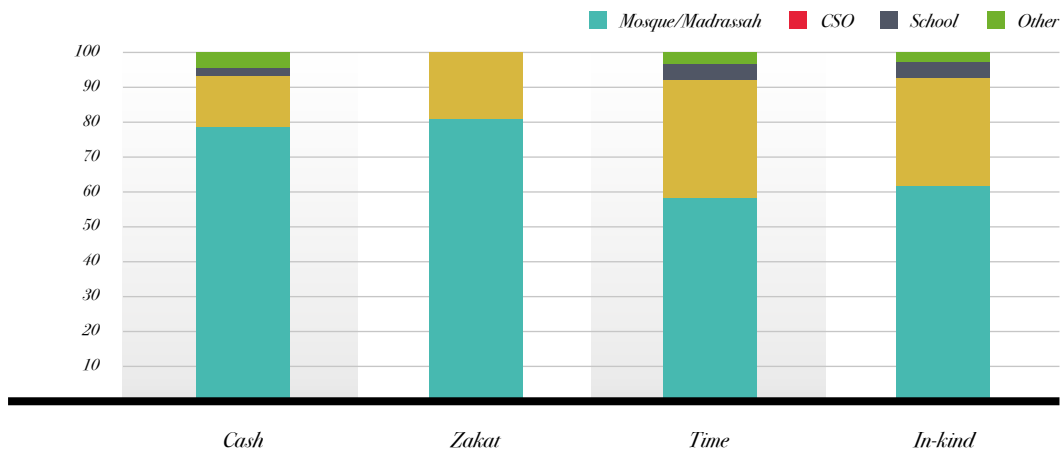


Figure 17b: Organizational recipients by type of giving in Sindh

Source: PCP IIP data

Similarly, as shown in figure 18, when it comes to organizational recipients, vicinity plays a crucial role in determining giving pattern. This suggests once again that respondents tend to give money to organizations that work in their community and provide a social net to them-

selves and those living around them. On the other hand individual recipients who are not in the giver's social circle, are represented in remaining categories of giving, i.e., monetary, zakat, and in-kind donations.

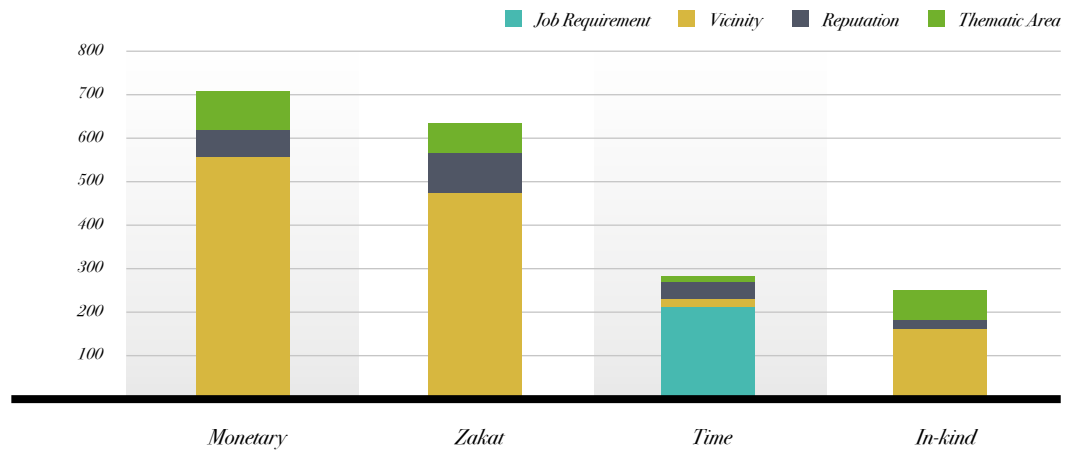


Figure 18: Number of Organizational Recipients by Type and Reason of Giving
Source: IIPS Sindh 2013





Section 05

Conclusions and Recommendations

Section 05

Conclusions and Recommendations

This study focuses on Individual Philanthropy in Pakistan undertaken by the Pakistan Centre for Philanthropy to garner a holistic view of the extent, nature and patterns of philanthropic giving across the four provinces of the country. Toward this end, this study offers extensive data and information about the size of charitable giving in Pakistan and sheds light on the factors driving different types of giving – monetary, Zakat and Usher, in-kind, time volunteered, and hides – to both individuals and organizations.

The study makes it evident that individual philanthropy is a universal practice among Pakistanis with about 98 percent of households reportedly giving in one form or the other. The findings of the study indicate a huge potential for philanthropy and provide strategic direction and the tools for advancing solutions to Pakistan's social sector development and poverty alleviation initiatives.

People in Pakistan are generous

The key finding is that individuals in Pakistan gave an estimated Rs. 240 billion in the year 2014. A major proportion of this was in the form of monetary non-Zakat giving and time volunteerism, which constituted the primary form

of giving in all provinces except in the Punjab, where citizens preferred giving in cash. For time volunteerism, social network effects driven by reciprocity concerns are clearly evident in the form of donating time to those in the giver's immediate social circle, and even for organizations to those that are located in vicinity and local area. Another top-line finding is that individuals in sampled households give principally due to religious reasons, but compassion emerges as equally strong factor.

There is an opportunity to increase formal giving

Pakistan has high levels of in-kind or informal giving, such as giving to a family member, a stranger, or a neighbor in need. This type of giving exemplifies generosity and caring for fellow human beings. However, there is room for increasing formal giving to nonprofit and charitable organizations, which demonstrate effective solutions to complex social issues and align with local concerns and needs.

More education about the nonprofit sector and tax exemption benefits may lead to increased giving

Focus group participants were also unaware about eligible and trustworthy Zakat organizational recipients and the tax exemptions for philanthropic giving. Increased public education campaigns about effective use of philanthropy and the non-profit sector can multiply choices for giving and its impact on improving living conditions and meeting day to day basic needs of many in Pakistan.

An option to improve effectiveness of individual giving

The analysis signifies the need to study the motivations of givers and distinct characteristics of recipients in addition to the total magnitude. Better choices such as organizations that are transparent, trustworthy and aligned with local needs may not only encourage a shift to organizational giving but also increase the total amount given to charitable and philanthropic activities and its impact.

Some recommendations and areas for future research that stem from the survey data analysis and FDGs provide direction for both policy makers and researchers to promote enabling environment and effectiveness of philanthropy for social development in the country.

Policy Recommendations

Encourage institutional giving

The FDGs indicated that a majority of participants expressed their intention to give for social causes in future if transparency and accountability mechanisms were improved and implemented. Based on these responses and PCP's own experience of evaluating CSOs over the past years, it is important to raise awareness about the long-term benefits of institutional giving and support measures to strengthen institutional and legal framework for improving credibility of these organizations to become effective recipients of philanthropic donations.

Trust, transparency, and a more local focus

Trust and transparency are decisive pre-requisites to promote philanthropy as a social institution. The pervasive public perception about philanthropy is lack of trust and confidence in philanthropic institutions and the non-profit sector. Largely, lack of credibility is a result of the underlying lack of transparency and publicly available information on philanthropic investments and visibility of their impact that is likely to encourage more individual charity and less institutional giving.

Network and reputation effects, particularly for organizations, appear to be important factors in receiving philanthropic funds for social causes, especially those who have built and maintained local presence. This implies that institutions need to build strong ties with communities to address local needs.

Awareness about Philanthropy and its outcomes

Given that a small proportion of respondents

had adequate information about charitable organizations operating in local areas and only 10 percent of survey respondents in the three provinces were familiar with the possibility of tax exemptions in return for their donations, it appears important to promote research and advocacy on the potential outcomes of philanthropic giving among people. Additionally, while there is an interest in seeking more tax exemptions, most respondents were not aware of the tax-exempt status of organizations.

Future Research

The survey instrument sought to estimate not just the total magnitude of individual philanthropy, but understand more deeply giving behaviour in terms of its motivations and its breakdown by types. It was perhaps too ambitious and wide in scope. Still, the research provided valuable data and strategic insights for evaluating and moving research on philanthropic activity in Pakistan forward.

Accurate philanthropic data

Developing a comprehensive and readily available information and database on philanthropy and the institutions is essential to analyze its trends and impact. Better data and analysis has the potential to lead to increased philanthropic capital, more effective giving practices, a more favourable policy environment, and a stronger civil society.

From the present study, the Pakistan Centre for Philanthropy suggests a shift to shorter thematic surveys and themes that require more in-depth micro-level research to seek answers to some pertinent questions on the subject. It is suggested that they would be conducted every two years on particular topics and issues such as investigating giving for health and education in terms of its potential and impact and religious and individual giving as a form of social safety net. Within this framework, every fifth survey could then focus on the magnitude of giving as a way to estimate total giving in the country every decade. With a singular focus on magnitude in every fifth survey, questions could be fielded about size by giving type. This would result in richer and more impactful data on philanthropy.

Thematic surveys concentrating on specific issues and questions pertaining to philanthropy would help shape policy and organizational priorities. Short surveys conducted every two years could supply data on giving trends in a timely manner and in more detail. For example, the research in this report found there is lack of general awareness about philanthropic organizations and how they utilize charitable giving. These insights can help to direct public education efforts.

A more uniform approach

It is also suggested that any new surveys undertake a uniform approach with a single vision and robust research design to gather relevant data and views on philanthropy in Pakistan. In this regard, certain aspects like sampling strat-

egy, the quantitative survey and FGD design and analysis teams must be uniform throughout the process to retain consistency and coherence in data collection and its analysis.

The hammer and the scalpel

Focus group discussions and quantitative surveys play important and distinct roles in research. FGDs are used to help inform survey questions and ensure surveys do not miss crucial details. Combined, quantitative and qualitative data provides us with broad general giving trends as well as richer granular realities that influence philanthropic giving in Pakistan.

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Appendix A

Survey Methodology

The data used in this report is derived from quantitative and qualitative surveys fielded in Sindh in 2013 and in other three provinces in 2014. Both Surveys includes a household level questionnaire on Individual Indigenous Philanthropy, as well as focus group and structured group discussions and in-depth interviews.

Sampling Frame

The quantitative component is a cross-sectional survey of approximately 10,000 households that was conducted in Balochistan, Punjab, Khyber Pakhtunkhwa in 2014 and in Sindh in 2013. The sampling frame for all provinces comprised of both urban and rural areas from which a stratified random sample of households was drawn. Specifically, each province was divided into mutually exclusive Primary Sampling Units (PSUs) consisting of 200-250 households called Secondary Sampling Units (SSUs) in urban and of villages in rural areas. Each Urban PSU in major cities of the province has been classified

into three categories of income groups i.e., low, middle and high, as defined by Pakistan Bureau of Statistics (PBS). This urban sampling frame was last updated based on the 2004 Economic Survey while the rural sampling frame was based on the 1998 Population Census.

Sampling of households was done using a two stage stratified sampling technique. First, PSUs were selected from strata/sub-strata with Probability Proportion to Size (PPS) method of sampling. Then, based on the latest household listing in the selected PSUs, the Sindh sample comprised of fifty households from each sampled PSU using systematic sampling technique with a random start (Table A.1). In contrast, in the other three provinces, 25 households from each sampled PSU, again selected with equal probability using systematic sampling technique with a random start (Table A.2).

Unit of Selection	Urban	Rural	Total
Primary Sampling Units (PSUs)	27	33	60
Secondary Sampling Units (SSUs) - Households	1350	1650	3000

Table A.1: Sampled PSUs and SSUs in Total, Urban and Rural Areas (Sindh)
Source: PCP

<i>S. No.</i>	<i>Province</i>	<i>Sample PSUs/EBs</i>			<i>Sample SSUs/HHs</i>		
		<i>Urban</i>	<i>Rural</i>	<i>Total</i>	<i>Urban</i>	<i>Rural</i>	<i>Total</i>
1		65	97	162	1625	2425	4050
2	KPK	25	55	80	625	1375	2000
3	Baluch- istan	17	31	48	425	775	1200
Total 3 provinces	107	183	290	2675	4575	7250	

Table A.2: Sampled PSUs and SSUs in Total, Urban and Rural Areas (Punjab, KPK and Baluchistan)

Source: PCP

After an initial pilot, the questionnaires were eventually fielded. While all surveys contain several modules to garner rupee estimates of giving and understand the motivations behind, and recipients of different types of giving, the Sindh questionnaire is substantively different in content from that which was fielded in the other three provinces.

Qualitative Component

For the qualitative component of the study, 22 focus group discussions (FGDs), five structured group discussions (SGDs) and 20 in-depth in-

terviews (IDIs) have been conducted in Punjab, Khyber-Pakhtunkhwa, Sindh, and Balochistan. Of the 22 FGDs, six each have been carried out in Punjab, Sindh and Khyber-Pakhtunkhwa, whereas four have been conducted in Baluchistan, with half of the FGDs in each province administered to female participants.

The FGDs have been conducted in both urban and rural areas. The districts, in which FGDs were conducted, were categorized as major urban, other urban and rural. Specifically, Lahore, Peshawar, Quetta, Chakwal, Abbottabad, Bahawalpur, Swat, Mastung, Karachi, Hyderabad and Sukkur were selected for FGDs. In total, 40 members, representatives of the Civil Society Organizations (CSOs) and religious leaders, attended the five SGDs. Of the five

SGDs, two a piece have been conducted in Punjab and Khyber-Pakhtunkhwa, and one in Balochistan. In Punjab, SGDs ran in Lahore and Bahawalpur districts, Quetta in Balochistan, and finally Peshawar and Mardan districts in Khyber-Pakhtunkhwa. In addition, 20 in-depth

interviews were also conducted - five government officials, one each from department of Planning and Development, Education, Health, Social Welfare, Zakat and Usher were interviewed in the three provinces.



Appendix B

Study Design and Data Limitations

As stated earlier, the quantitative questionnaire on Individual Philanthropy is a cross-sectional household survey. The information in this instrument has been solicited from a respondent aged 18 years and above in each household. Most of the responses observed in the survey are peppered with the respondent's perception about household giving and likely stray from actual giving behaviour. It is also worth noting here that not only does the Sindh survey not include a household roster, but also it is not possible to match the roster in the other three provinces with the giving behaviour that is recorded in the rest of the survey. Thus, it is not possible to examine the impact of some important demographic and socio-economic characteristics such as gender, age, education, and occupation, on type, nature, and extent of giving.

Furthermore, as reflected in the study design, the approximate 10,000 household sample is representative of the four provinces and is based on Pakistan Bureau of Statistics (PBS) sampling strategy. As such then, sampling weights as calculated by PBS may be applied to make the data representative at national level. Yet there are several important caveats that merit attention.

The first amongst these is that while the survey questions included in the Punjab, Balochistan,

and KP instrument have been phrased such that the respondent is required to provide information regarding giving behaviour for the whole household; the questions in the Sindh survey specifically ask the respondent to speak only about his own giving behaviour. Given that, the sampling in Sindh has been done at the household level.

Second, security and logistic concerns in some areas have resulted in the required number of household per PSU not being reached. While this is a minor issue, the more pressing matter relates to the surveyed versus sampled number of PSUs in Balochistan. While 48 PSUs in the province were sampled, only 31 were actually surveyed.¹⁹ Additionally, this under-survey was not accounted for in the weights. This means that the sample for Balochistan is not fully representative of the province.

Finally, the substantive differences in the survey content of the Sindh instrument, especially when it comes to questions on motivations of giving and even occupational categories, make a comparison across Sindh and the other three provinces challenging.

¹⁹ While the original sample size of Baluchistan, Punjab and Khyber-Pakhtunkhwa was meant to be 7250 households, the final sample size stands at 6,730

High Net-Worth Individuals

It also appears that the dataset does not fully capture the giving behaviour of high income groups. To address this gap, PCP made an attempt to collect additional data on giving from high net-worth individuals (HNIs) using snow-ball sampling. A brief one-page questionnaire was prepared and sent to about 50 individuals

in January, 2015 in cities including Karachi, Lahore, Faisalabad, Multan, and Quetta after identifying potential HNIs. Yet, the response rate was not encouraging. Despite intensive follow up and requests, the majority of potential respondents showed reluctance to provide information on giving and only three individuals provided the requested information. The data from HNI individuals have not been included in this report and it is perceived that the total magnitude of giving estimated from the current survey may be a likely underestimation of individual philanthropy in Pakistan.

Appendix C

Conceptual Framework

As highlighted by the literature, an important component of philanthropic activities, perhaps more important than simply the total size of giving, is the process of giving behaviour. The literature suggests that when selecting the type of philanthropic activity, be it short-term charity or a long term strategic philanthropic endeavour, individuals are influenced by both personal characteristics and the characteristics of the recipient. There needs to be an alignment in the giver's motives and the recipient's characteristics to fully understand the mechanics of individual giving.

The microeconomic decision process involved has primacy over the amount given to charity. We must consider the fact the individual is not "compelled" to give, he/she can always choose the outside option and decide to allocate her time or money to consumption or savings instead of giving to charity. Therefore, individuals choose not only the amount they donate, but given their options choose who to give to and how much to give to them. Individuals then choose a "charity basket" that is a function of both their own individual characteristics (income, preferences, wealth) and the options available to them for giving. Formally, given a fixed set of N recipients, an individual must choose a non-negative allocation for each recipient and the outside option (personal consumption).

Mathematically, given a fixed number of recipients N , individuals are faced with selecting

a $2(N+1)$ vector (giving basket), comprising of time t_{ij} or money m_{ij} to each recipient $j \in \{0, 1, 2, \dots, N\}$, where t_0 and m_0 are outside options, to maximise their utility from giving as:

$$V_i = \max_{\{m_{ij}, x_{ij}\}_j} \sum_j u(t_{ij}, m_{ij}; \beta_i)$$

$$s.t$$

$$\sum_j t_{ij} \leq 24,$$

$$\sum_j m_{ij} \leq W_i$$

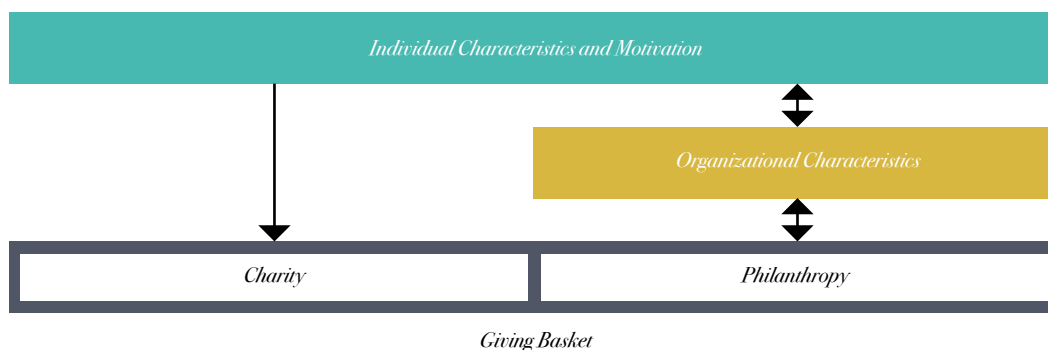
Where β_i is the individual specific vector of weight for each recipient, capturing their preference to give to individual recipients and how they match up to recipient's characteristics. Finally, note that this is a simplified model and does not capture the dynamics of time or strategic interaction between the set of givers, nor the interaction between givers and recipients.

Intuitively then, the choice to give is determined by the personal preferences of the giver and the goals and characteristics of the recipient. Givers' preferences may be a function of their gender, age, income, patience for long term projects, monetary and time endowment, altruistic tendencies, reciprocity concerns and reputational concerns, while recipients' char-

acteristics can be determined by their trust, reputation, cause, availability and geographical location, and size and scale of their operations. As aforementioned, these characteristics interact with each other and it is important to study why people give and who they give to before we study how much they give. For example, an individual who is impatient may prefer giving to a needy individual as he may feel an instant gratification of helping the poor, as opposed to giving to a food bank that could use the same donation to feed more people; however there would be a delay and no direct link between those helped and the individual himself. Similarly, those at lower income levels may help their neighbours by volunteering time with the expectation that in the future their neighbours may come to their aid. Such concerns are also influenced by the relative wealth of the household and

availability of funds. Those from higher income brackets may not need the social net provided by charity, and also have the opportunities to give to organizations that seek donations at particular times and for particular activities. Finally, as with other nations, religion plays a vital role in determining both how much and to whom people give. Shrines and other religious organizations may be chosen across the board, given how they can be seen to be serving higher goals compared to more “secular” causes.

We have therefore divided our analysis into two distinct sections. We not only study the total magnitude of giving and its distribution, but also study the motivations of givers and characteristics of reported recipients to get a complete picture of individual giving in Pakistan.



Appendix D

Alternative Calculations of Magnitude

In this appendix, alternative measures of the magnitude of giving other than those presented in the primary text for the three provinces are presented. Table D.1 presents the average amount of giving from the sample for the three provinces. The calculation uses the sample estimates provided by the PBS for the sample and present the mean value of charity given (money or time) conditional on donating, i.e. these are the means for people who donated a positive amount in each category.

As we can see, the average donations to individuals are also typically higher than to organizations. Exceptions to the trend are found in cash donations and time volunteerism in Khyber Pakhtunkhwa, and in the category of hides. Interpreting these results in conjunction with the results from the previous sections, we find that in the three provinces more households donate to individuals and make higher donations, on average. The only exception to this finding is in hides, where the opposite is true for both fre-

		<i>In-Cash</i>	<i>In-kind</i>	<i>Time (hours)</i>	<i>Zakat (combined)</i>	<i>Usher</i>	<i>Hides</i>	<i>Shrines (combined)</i>
Punjab	Individual	(combined)	Usher	Hides	Shrines	5,106	173	551
	Organization	(combined)	579	20		1,654	775	
KP	Individual	1,456	2,402	70	10,664	3,973	343	277
	Organization	2,499	1,249	78		618	459	
Baluchistan ²¹	Individual	1,910	2,929	44	8,213	5,324	173	694
		343	939	35		644	460	

Table D.1: Conditional average donations in each category²⁰

²⁰ Values reported are conditional on donating a non-zero amount. These do not account for individuals who do not donate in a particular segment.

²¹ Baluchistan sample may not be representative of province. These estimates should be used with care.

quency and amount.

Computing the magnitudes of giving for each province presents a slight challenge. As time volunteerism is reported in terms of hours volunteered, the monetary value of time volunteered depends on the rupee value for each hour volunteered. We take a conservative approach and present multiple estimates. Table D.2 presents the average values of time volunteered in the three provinces for different values for time volunteerism. We use a total of 4 estimates of the value of an hour of time volunteered, namely:

1. An hour is valued using the minimum wage as per the 2015-16 budget (Rs. 62.5)

2. For consistency with the Sindh report (PCP 2014), an hour is valued at Rs. 50.
3. An hour is valued using the reported average per capita income of the household. The average is calculated over the average per capita wage of the household when averaged over both the
 - Total number of members of the household.
 - Total number of adults in the household.

It may be noted that using minimum wages to measure the value of volunteered time grossly overestimates the magnitude of giving when compared to estimates using per capita house-

		<i>Minimum Wage (2015-16)</i>	<i>Per Capita HH income²²</i>		<i>Rs. 50/hour (PCP 2014)</i>
			<i>(a) HH size</i>	<i>(b) HH adults</i>	
Punjab	Individual	2,121	803	977	1,745
	Organization	1,241	457	556	993
KPK	Individual	4,355	1,603	2,230	3,484
	Organization	4,880	1,796	2,498	3,904
Baluchistan	Individual	2,761	1,016	1,413	2,208
		2,162	796	1,107	1,730

Table D.2: Conditional average rupee value of time volunteered

hold income from the sample, with the magnitude of difference being close to 100% when comparing the lowest estimate (HH income with HH size as base) to the highest (minimum wage as of 2015-16).

These discrepancies in estimating the monetary value of time volunteered also have a major effect on our estimates of the total size of individual giving in each province. Tables D.4 to D.6 present various estimates of total giving in the province. The estimates vary both how time is valued and the method used to calculate total giving in the three provinces.

In the first two tables (D.4 and D.5), the average total giving for a household is calculated for each province (Table D.3) and multiplied by the average number of households in the province. For Table D.4, the estimates provided by PSLM 2013-14 are used, while Table D.5 uses estimates of average household size from our survey data. Table D.6, on the other hand, uses the sample weights to calculate the total sum for each province. We find that estimates vary depending on the exact techniques used. For Punjab and Khyber Pakhtunkhwa, estimates of total giving are between Rs. 100.6 billion and Rs. 144 billion, and Rs. 53 billion and Rs. 30 billion, respectively.

These discrepancies arise from two things. First, differences in the value assigned to time volunteered cause the bulk of discrepancy and can be seen when moving horizontally in a given table. The second discrepancy, which can be observed when comparing values across tables, is due to difference in methodologies employed and error due to rounding off. Differences in household size between PSLM estimates and our own sample estimates are minor, but when applied to totals, the errors are multiplied manifolds. For example, for Punjab total size calculations change from 144 billion to 137 billion when using average size of households reported in PSLM to that available in the data. This is due to the fact that to calculate the number of households in the province, the total population estimate is divided by the average household size. The reported average house-

hold size according to PSLM 2013-14 for Punjab is 6.1, and for our sample it is 6.4.

The figures for Balochistan also show variance, but the overall variance is too large to be explained by the factors above. As mentioned in the data limitations section, due to security concerns, surveys were not conducted in 17 of the 48 PSUs in the province. This discrepancy was not accounted for in the weights provided for analysis, and meant that the data is missing around a third of the total number of households required in Balochistan. This drives the major discrepancy between the totals calculated using sample weights (Table D.6) and those using averages multiplied by estimates of household size (Tables D.4 and D.5). It should therefore not be surprising that the estimates reported in Table D.6 are approximately two thirds of those reported in the other tables.

The issue of missing PSUs has major consequences on the estimates from Balochistan. We do not have information regarding the missing PSUs and therefore do not know if our sample averages for Balochistan are representative of the province (Table D.3). As such then none of our estimates can be, at face value, considered representative of total giving in the province. Therefore, while the missing PSUs explain approximately 33% discrepancy between the estimates in Tables D.4-5 and Table D.6, lack of information regarding missing PSUs means that all these estimates may be biased for Balochistan.

Given these marked discrepancies, it would be fair to say that the methodology used is vital in providing a "close" estimate of total magnitude of giving. Therefore, for the estimates reported in the main text, a methodology is used that tries to account for these discrepancies and is in line with previous work. The figures reported in the main text then use the minimum wage as the value for time, building on previous works and for missing PSUs, adjusts by using the rural and urban means.



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